Tel.: +45 76 35 56 00
kolding@bdo.dk
www.bdo.dk

BDO Statsautoriseret revisionsaktieselskab
Kolding Åpark 8A, 7. sal
DK-6000 Kolding
CVR no. 20 22 26 70

FIBERLINE BUILDING PROFILES A/S

STREVELINSVEJ 38, 7000 FREDERICIA

ANNUAL REPORT

1 JANUARY - 31 DECEMBER 2023

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 30 June 2024

Henrik Thorning

The English part of this document is an unofficial translation of the original Danish text, and in case of any discrepancy between the Danish text and the English translation, the Danish text shall prevail.

CVR NO. 34 60 07 75

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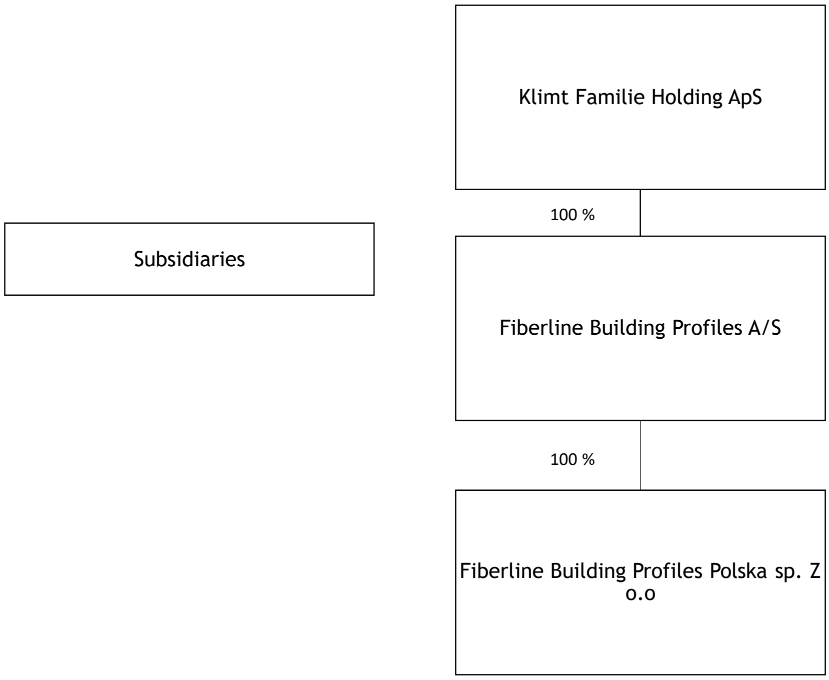
COMPANY DETAILS

Company	Fiberline Building Profiles A/S Strevelinsvej 38 7000 Fredericia	
	CVR No.:	34 60 07 75
	Established:	15 June 2012
	Municipality:	Fredericia
	Financial Year:	1 January - 31 December
Board of Directors	Peter Thorning, chairman Henrik Thorning Anne Sofie Thorning	
Executive Board	Frederik Kjær Iversen	
Auditor	BDO Statsautoriseret revisionsaktieselskab Kolding Åpark 8A, 7. sal 6000 Kolding	
Bank	Sydbank Kolding Åpark 8B 6000 Kolding	
Law Firm	Andersen Partners Buen 11, 6. sal 6000 Kolding	

GROUP STRUCTURE



MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Fiberline Building Profiles A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of Group's and the Company's assets, liabilities and financial position at 31 December 2023 and of the results of Group's and the Company's operations and cash flows for the financial year 1 January - 31 December 2023.

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

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

Fredericia, 30 June 2024

Executive Board

Frederik Kjær Iversen

Board of Directors

Peter Thorning Chairman	Henrik Thorning	Anne Sofie Thorning

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Fiberline Building Profiles A/S

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Fiberline Building Profiles A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, cash flows, notes *and a summary of significant accounting policies* for both the Group and the Parent Company. *The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.*

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2023 and of the results of the Group and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

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

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

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

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

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

Statement on Management Commentary
Management is responsible for Management Commentary.

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

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

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

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

INDEPENDENT AUDITOR'S REPORT

Kolding, 30 June 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Jesper Steensbjerre
State Authorised Public Accountant
MNE no. mne31367

FINANCIAL HIGHLIGHTS OF THE GROUP

	2023 DKK '000	2022 DKK '000	2021 DKK '000	2020 DKK '000
Income statement				
Operating profit/loss before depreciation and amortisation (EBITDA)	-12,697	-21,287	-5,821	-1,695
Operating profit/loss of main activities	-19,410	-25,824	-10,884	-2,777
Financial income and expenses, net	-1,214	-3,055	-533	25
Profit/loss for the year	-15,915	-22,580	-8,936	-2,124
Balance sheet				
Total assets	94,433	103,046	74,633	75,156
Equity	25,198	27,717	50,297	-1,692
Cash flows				
Cash flows from operating activities	-3,679	-25,207	-18,064	-11,252
Cash flows from investing activities	-5,366	-18,407	-2,638	-30,965
Cash flows from financing activities	8,209	41,688	21,393	43,839
Total cash flows	-836	-1,926	691	1,622
Investment in property, plant and equipment	-5,068	-17,483	-1,868	-16,218
Key ratios				
Equity ratio	26.7	26.9	67.4	Neg.
Return on equity	-60.2	-57.9	-36.8	Neg.

Equity ratio: $\frac{\textit{Equity (ex. minorities), at year-end x 100}}{\textit{Total assets, at year-end}}$

Return on equity: $\frac{\textit{Profit/loss after tax x 100}}{\textit{Average equity}}$

MANAGEMENT COMMENTARY

Principal activities
Fiberline Building Profiles A/S is developing, producing and selling fiberglass composite profiles made by means of pultrusion to the building industry. The Group operates from its office in Fredericia, Denmark and with a production facility in Stettin, Poland.

Recognition and measurement uncertainty
There are no uncertainties with regards to recognition and measurement.

Development in activities and financial and economic position
As planned, we have established a production site in Stettin, Poland. The project was delayed due to several factors including the global supply chain crisis and the war in Ukraine. The delay has had financial consequences for the company which is reflected in the full year result. Furthermore we have encountered destocking in 2023 at some of our customers which have had a negative impact on the turnover and profit.

In December 2023 the Equity was increased with 13 million DKK and again in May 2024 with 9.97 million DKK by subsidy from the parent company.

Profit/loss for the year compared to the expected development
The result is lower than expected. The result is impacted by one-off costs related to our decision to relocate our production to Poland, the delays in the project suffered as described above and customer destocking. In 2025 the company expects to reduce the credit facility driven by a robust operating performance.

Significant events after the end of the financial year
In May 2024 the company merge with Krafton PL B.V. Krafton is placed as a subsidiary to Fiberline Building Profiles A/S. Beside the merge with Krafton PL B.V. no unexpected significant events have occurred after the end of the financial year.

Financial risk
The company is to some extent exposed to financial risk such as interest rate, currency, liquidity and credit risks. The company has loans with a CIBOR 3 interest rate and is exposed to volatility in interest rates. The company operates in several markets and is therefore exposed to currency risk, mainly in PLN.

Environmental situation
The company is focused on reducing resource requirements wherever possible and thereby living up to our promise to the market; Create more with less. We have implemented a sustainability strategy with the aim of lowering waste, cutting carbon footprint and explore new raw materials for future more sustainable product lines. The company complies with current local environmental legislation at its production facility in Poland.

Knowledge resources
The company possesses considerable knowhow within composites and the pultrusion process which is pivotal to the further development of the business.

Future expectations
The building and construction market is expected to grow in the coming years. Increased price competitiveness towards competing materials is expected to further enhance the use of composite profiles. The company's expectation for 2024 is for a robust operating performance and an operating profit significantly above previous years due to the merge with Krafton PL B.V. The management expects an operating profit of approximately 5-10 million DKK, depending of the speed of the merge and the development in the building industry.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

		Group		Parent Company	
	Note	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
GROSS PROFIT		**16,688**	**6,983**	**-5,907**	**-14,254**
Staff costs	1	-27,431	-22,757	-11,562	-13,304
Depreciation, amortisation and impairment losses		-6,716	-4,535	-3,944	-3,933
Other operating expenses		-1,951	-5,515	-6	-195
OPERATING LOSS		**-19,410**	**-25,824**	**-21,419**	**-31,686**
Income from investments in subsidiaries		0	0	2,234	1,813
Other financial income	2	6,854	344	6,147	2,407
Other financial expenses		-8,068	-3,399	-7,972	-1,838
LOSS BEFORE TAX		**-20,624**	**-28,879**	**-21,010**	**-29,304**
Tax on profit/loss for the year	3	4,709	6,299	5,095	6,724
LOSS FOR THE YEAR	4	**-15,915**	**-22,580**	**-15,915**	**-22,580**

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Development projects		3,929	4,938	3,929	4,938
Intangible fixed assets acquired		1,773	2,900	1,039	1,797
Intangible assets	5	**5,702**	**7,838**	**4,968**	**6,735**
Production plant and machinery		16,226	11,429	5,659	6,673
Other plant, machinery tools and equipment		9,113	10,417	4,954	5,885
Leasehold improvements		4,420	4,889	0	0
Tangible fixed assets in progress and prepayment		880	3,294	0	0
Property, plant and equipment	6	**30,639**	**30,029**	**10,613**	**12,558**
Investments in subsidiaries		0	0	4,995	2,365
Rent deposit and other receivables		3,206	3,878	2,211	2,959
Financial non-current assets	7	**3,206**	**3,878**	**7,206**	**5,324**
NON-CURRENT ASSETS		**39,547**	**41,745**	**22,787**	**24,617**
Finished goods and goods for resale		27,391	30,107	1,432	1,545
Inventories		**27,391**	**30,107**	**1,432**	**1,545**
Trade receivables		8,305	11,040	8,304	9,507
Receivables from group enterprises		0	0	37,849	38,151
Deferred tax assets	8	14,201	8,992	14,087	8,992
Other receivables		1,253	7,852	63	1,881
Prepayments	9	1,831	569	1,352	1,592
Receivables	10	**25,590**	**28,453**	**61,655**	**60,123**
Cash and cash equivalents		**1,905**	**2,741**	**586**	**2,673**
CURRENT ASSETS		**54,886**	**61,301**	**63,673**	**64,341**
ASSETS		**94,433**	**103,046**	**86,460**	**88,958**

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000
Share Capital	11	1,000	1,000	1,000	1,000
Reserve for net revaluation under the equity method		0	0	4,189	1,955
Reserve for development costs		379	465	379	465
Retained earnings		23,819	26,252	19,630	24,297
EQUITY		**25,198**	**27,717**	**25,198**	**27,717**
Bank loan		17,867	24,072	17,867	24,072
Lease liabilities		1,279	1,923	1,279	1,923
Subordinate loan capital		6,794	6,470	6,794	6,470
Holiday pay commitment		804	762	804	762
Non-current liabilities	12	**26,744**	**33,227**	**26,744**	**33,227**
Lease liabilities		727	831	727	831
Bank debt		20,103	18,265	20,103	17,895
Prepayments from customers		3,711	1,268	3,711	1,268
Trade payables		7,226	18,345	2,990	6,854
Corporation tax payable		176	425	0	0
Other liabilities		10,548	2,968	6,987	1,166
Current liabilities		**42,491**	**42,102**	**34,518**	**28,014**
LIABILITIES		**69,235**	**75,329**	**61,262**	**61,241**
EQUITY AND LIABILITIES		**94,433**	**103,046**	**86,460**	**88,958**

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EQUITY

DKK '000	Group: Share Capital	Group: Reserve for development costs	Group: Retained earnings	Group: Total
Equity at 1 January 2023	1,000	465	26,252	27,717
Proposed profit allocation, note 4			-15,915	-15,915
Other legal bindings				
Foreign exchange adjustments			396	396
Other adjustments to equity value			13,000	13,000
Revaluations in the year		-110	110	0
Tax on changes in equity		**24**	**-24**	**0**
Equity at 31 December 2023	**1,000**	**379**	**23,819**	**25,198**

DKK '000	Parent Company: Share Capital	Parent Company: Reserve for net revaluation under the equity method	Parent Company: Reserve for development costs	Parent Company: Retained earnings	Parent Company: Total
Equity at 1 January 2023	1,000	1,955	465	24,297	27,717
Proposed profit allocation, note 4		2,234		-18,149	-15,915
Other legal bindings					
Foreign exchange adjustments				396	396
Other adjustments to equity value				13,000	13,000
Revaluations in the year			-110	110	0
Tax on changes in equity			**24**	**-24**	**0**
Equity at 31 December 2023	**1,000**	**4,189**	**379**	**19,630**	**25,198**

CASH FLOW STATEMENT 1 JANUARY - 31 DECEMBER

	Group		Parent Company	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
Profit/loss for the year	-15,915	-22,580	-15,915	-22,580
Depreciation and amortisation, reversed	6,716	4,535	3,944	3,933
Profit/loss from subsidiaries	0	0	-2,234	-1,813
Adjustment of other financial expenses	572	1,292	396	0
Tax on profit/loss, reversed	-4,709	-6,297	-5,095	-6,724
Corporation tax paid	0	-48	0	0
Change in inventories	2,716	-382	113	28,180
Change in receivables (ex tax)	7,995	-9,809	3,915	-39,003
Change in current liabilities (ex bank, tax, instalments payable and overdraft facility)	-1,054	8,082	4,442	-3,274
CASH FLOWS FROM OPERATING ACTIVITY	**-3,679**	**-25,207**	**-10,434**	**-41,281**
Purchase of intangible assets	-300	-924	-150	-71
Purchase of property, plant and equipment	-5,066	-17,483	-82	-845
CASH FLOWS FROM INVESTING ACTIVITY	**-5,366**	**-18,407**	**-232**	**-916**
Changes in subordinated loan capital	324	6,470	324	6,470
Instalments on loans	-748	-961	-748	-961
Other changes in non-current debt	0	23,510	48	24,072
Change in bank debt	-4,367	12,653	-4,045	12,283
Other cash flows from financing activities	13,000	16	13,000	16
CASH FLOWS FROM FINANCING ACTIVITY	**8,209**	**41,688**	**8,579**	**41,880**
CHANGE IN CASH AND CASH EQUIVALENTS	**-836**	**-1,926**	**-2,087**	**-317**
Cash and cash equivalents at 1. januar	2,741	4,667	2,673	2,990
CASH AND CASH EQUIVALENTS AT 31. DECEMBER	**1,905**	**2,741**	**586**	**2,673**
Cash and cash equivalents at 31 December comprise:				
Cash and cash equivalents	1,905	2,741	586	2,673
CASH AND CASH EQUIVALENTS	**1,905**	**2,741**	**586**	**2,673**

NOTES

	Group		Parent Company		
	2023 DKK '000	**2022** DKK '000	**2023** DKK '000	**2022** DKK '000	**Note**
Staff costs					**1**
Average number of full time employees	89	67	13	15	
Wages and salaries	24,240	19,700	10,716	12,068	
Pensions	2,818	2,507	737	791	
Social security costs	343	221	79	116	
Other staff costs	30	329	30	329	
	27,431	**22,757**	**11,562**	**13,304**	
Remuneration of Management and Board of Directors	2,772	2,705	1,833	1,838	
Other financial income					**2**
Group enterprises	0	0	6,001	2,079	
Other interest income	6,854	344	146	328	
	6,854	**344**	**6,147**	**2,407**	
Tax on profit/loss for the year					**3**
Calculated tax on taxable income of the year	-6	425	0	0	
Adjustment of tax in previous years	392	-40	0	-40	
Adjustment of deferred tax	-5,095	-6,684	-5,095	-6,684	
	-4,709	**-6,299**	**-5,095**	**-6,724**	
Proposed distribution of profit					**4**
Allocation to reserve for net revaluation under the equity method	0	0	2,234	1,813	
Retained earnings	-15,915	-22,580	-18,149	-24,393	
	-15,915	**-22,580**	**-15,915**	**-22,580**	

NOTES

Note

Intangible assets 5

	Group	
	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2023	7,360	5,021
Transfer	-243	0
Additions	0	300
Cost at 31 December 2023	**7,117**	**5,321**
Transfer	243	0
Revaluation at 31 December 2023	**243**	**0**
Amortisation at 1 January 2023	2,423	2,121
Amortisation for the year	1,008	1,427
Amortisation at 31 December 2023	**3,431**	**3,548**
Carrying amount at 31 December 2023	**3,929**	**1,773**

The Group's development projects relate to the development of new products and the development of production processes. The Company has established a development cooperation with several international companies. The development focuses primarily on industries where the Company already has significant activities and cooperation with customers shows that there is a significant demand for the new products.

	Parent Company	
	Development projects completed	Intangible fixed assets acquired
Cost at 1 January 2023	7,360	3,650
Transferred	-243	0
Additions	0	150
Cost at 31 December 2023	**7,117**	**3,800**
Amortisation at 1 January 2023	2,423	1,853
Transferred	-243	0
Amortisation for the year	1,008	908
Amortisation at 31 December 2023	**3,188**	**2,761**
Carrying amount at 31 December 2023	**3,929**	**1,039**

The Company's development projects relate to the development of new products and the development of production processes. The Company has established a development cooperation with several international companies. The development focuses primarily on industries where the Company already has significant activities and cooperation with customers shows that there is a significant demand for the new products.

NOTES

		Note

Property, plant and equipment

6

	Group	
	Production plant and machinery	Other plant, machinery tools and equipment
Cost at 1 January 2023	13,875	12,426
Transferred	3,506	-21
Additions	3,737	431
Cost at 31 December 2023	**21,118**	**12,836**
Depreciation and impairment losses at 1 January 2023	2,446	2,009
Transferred	212	-21
Depreciation for the year	2,234	1,735
Depreciation and impairment losses at 31 December 2023	**4,892**	**3,723**
Carrying amount at 31 December 2023	**16,226**	**9,113**
Finance lease assets		4,954

	Group	
	Leasehold improvements	Tangible fixed assets in progress and prepayment
Cost at 1 January 2023	4,889	3,294
Transferred	0	-3,294
Additions	20	880
Cost at 31 December 2023	**4,909**	**880**
Depreciation for the year	489	
Depreciation and impairment losses at 31 December 2023	**489**	
Carrying amount at 31 December 2023	**4,420**	**880**

	Parent Company	
	Production plant and machinery	Other plant, machinery tools and equipment
Cost at 1 January 2023	8,945	7,734
Transferred	212	-21
Additions	0	83
Cost at 31 December 2023	**9,157**	**7,796**
Depreciation and impairment losses at 1 January 2023	2,272	1,849
Transferred	212	-21
Depreciation for the year	1,014	1,014
Depreciation and impairment losses at 31 December 2023	**3,498**	**2,842**
Carrying amount at 31 December 2023	**5,659**	**4,954**

NOTES

Note

Financial non-current assets 7

	Group
	Rent deposit and other receivables
Cost at 1 January 2023	3,878
Additions	159
Disposals	-831
Cost at 31 December 2023	**3,206**
Carrying amount at 31 December 2023	**3,206**

	Parent Company	
	Investments in subsidiaries	Rent deposit and other receivables
Cost at 1 January 2023	410	2,959
Additions	0	83
Disposals	0	-831
Cost at 31 December 2023	**410**	**2,211**
Revaluation at 1 January 2023	1,955	0
Exchange adjustment	396	0
Profit/loss for the year	2,234	0
Revaluation at 31 December 2023	**4,585**	**0**
Carrying amount at 31 December 2023	**4,995**	**2,211**

Investments in subsidiaries (DKK '000)

Name and domicil	Equity	Profit/loss for the year	Ownership
Fiberline Building Profiles Polska , Poland	4,995	2,234	100 %

Deferred tax assets 8

The provision for deferred tax is related to differences between the carrying amount and tax value of securities, receivables, intangible and tangible fixed assets, including recognised finance lease contracts.

NOTES

Note

	Group		Parent Company	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000
The ammount breaks down as follows:				
Development projects.................	225	243	225	243
Intangible fixed assets acquired......	228	395	228	395
Production plant ande machineery including other plants, fixtures and equitment...............................	1,652	1,852	1,652	1,852
Leased tools - business succession - accrual accounting.....................	-107	-215	-107	-215
Lease liabilities set-off................	-441	-606	-441	-606
Tax losses................................	-15,644	-10,661	-15,644	-10,661
Poland....................................	-114	0	0	0
	-14,201	**-8,992**	**-14,087**	**-8,992**
Deferred tax assets, beginning of year.......................................	8,992	2,308	8,992	2,308
Deferred tax of the year, income statement...............................	5,095	6,684	5,095	6,684
Poland....................................	114	0	0	0
Deferred tax assets 31 December 2023.....................................	**14,201**	**8,992**	**14,087**	**8,992**

The tax asset primarily relates to unutilized tax losses. The tax asset is recognized on the basis of expactations for the next four years' tax profits, where by the tax losses are expected to be fully utilized. The assessments are based on the company's budgets for the next year and projections for the following four years. The budgets are perpared accordance with the company's normal budget procedure. The tax losses is all related to the movement of productionfacilites to Poland. It is expected that the movement will result in lower production costs and higher revenue. According to the TP setup, the main part of future earnings will be taxed in Denmark and can be used in the tax losses carried forward.

NOTES

	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000	Note
Prepayments					9
Costs	1,831	569	1,352	1,592	
	1,831	**569**	**1,352**	**1,592**	

Prepayments include prepaid expenses, primarily insurance and dues, related to the subsequent financial year.

	Group 2023 DKK '000	Group 2022 DKK '000	Parent Company 2023 DKK '000	Parent Company 2022 DKK '000	
Receivables falling due after more than one year					10
Deferred tax assets	14,000	8,912	14,000	8,912	
	14,000	**8,912**	**14,000**	**8,912**	

	2023 DKK '000	2022 DKK '000	
Share Capital			11
Allocation of share capital:			
A-shares, 1,000,002 unit in the denomination of 1 DKK	1,000	1,000	
	1,000	**1,000**	

NOTES

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Long-term liabilities 12

	Group			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Bank loan	24,300	6,300	0	24,072
Loan costs	-180	-47	0	0
Lease liabilities	2,006	727	0	2,754
Subordinate loan capital	6,794	0	6,794	6,470
Frozen holiday pay	804	0	804	762
	33,724	**6,980**	**7,598**	**34,058**

	Parent Company			
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities
Bank loan	24,300	6,300	0	24,072
Loan costs	-180	-47	0	0
Lease liabilities	2,006	727	0	2,754
Subordinate loan capital	6,794	0	6,794	6,470
Holiday allowance commitment	804	0	804	762
	33,724	**6,980**	**7,598**	**34,058**

Subordinate loan capital
Subordinated loan capital is at interest with the CIBOR 3 added a variable margin + 1 %. The principal is irrevocable from the lender's side until full repayment of bank financing has occured.

NOTES

Note

Contingencies etc. 13

Contingent liabilities
The group has entered lease agreements regarding lease of standard- and special tools. For lease agreements where the second period has occurred, the leasing agreement can be terminated giving 3 months' notice. The lease payments relating to the yearly liability constitute per 31 December 2023 t.DKK 158.

The group has entered into operational lease agreements, where the annual payment amounts to t.DKK 487. The total residual lease payment amount to t.DKK 764 per 31 December 2023, of which t.DKK 0 is due after 5 years.

The group has entered rental commitment in Denmark, the commitment can be terminated giving 6 months' notice. The rental commitment constitute per 31 December 2023 t.DKK 359.

The group has entered rental commitment in Poland, the commitment can be terminated giving 5 years notice. The rental commitment constitute per 31 December 2023 t.DKK 11,448. Furthermore an obligation to repay investments up to t.DKK 7,656 regarding adaption of the building facilities.

The parent company has made a guarantee of max. t.PLN 800 to cover the aboved mentioned rental obligation in Poland.

The parent company has registred a floting charge to Sydbank of t.DKK 10,000. The floting charge regards acquired intagible assets, production plants and machiney as well as other plant, fixtures and equipment, inventories and trade recievables whose carrying amount to t.DKK 25,508 per 31. december 2023.

There is full set-off access between charges under the lease agreement and charges under the in note 10 specified receivable (t.DKK 2,002).

There is a tax liability related to the company's use of the tax credit scheme for development expenses. Management estimates the liability to be 0-200 t.DKK. Additionally, the company is jointly liable for the former tax consolidation group.

Possible interest and penalty charges may arise regarding a possible VAT issue from 2022. The extent of any potential interest and penalty charges is currently unknown

Related parties 14
The Company's related parties include:
Klimt Familie Holding ApS (owner)

Controlling interest
Klimt Familie Holding ApS

Transactions with related parties
The Company did not carry out any material transactions that were not concluded on market conditions. According to section 98c, subsection 7 of the Danish Financial Statements Act information is given only on transactions that were not performed on common market conditions.

NOTES

	Note
Consolidated Financial Statements The company is included in the consolidated financial statements for KLIMT Familie Holding ApS, Strevelinsvej 38, 7000 Fredericia, CVR-no.: 44 51 83 25.	15

ACCOUNTING POLICIES

The Annual Report of Fiberline Building Profiles A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C.

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

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

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

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

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

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

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

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

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

INCOME STATEMENT

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

Where products with a high degree of individual adjustment are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total income and expenses regarding the contract and the degree of completion at the Balance Sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the Company.

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

ACCOUNTING POLICIES

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

Changes in inventories of finished goods and goods in process
Changes in inventories of finished goods and goods in process comprise decrease or increase of inventories for the year as a result of costs of raw materials and consumables as well as staff costs. Additionally, normal impairment of inventories of finished goods is included.

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

Costs of raw materials and consumables
Raw materials and consumables comprises the costs of raw materials and consumables used to reach the revenue for the year. Additionally, decrease or increase of inventories of raw materials and consumables for the year is included, as well as normal impairment of inventories of raw materials and consumables.

Other external expenses
Other external expenses include other production, sales, delivery and administrative costs, including costs of energy, marketing, premises, loss on bad debts, operating lease expenses, etc.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company’s total liability concerning operating and other lease agreements are stated under contingencies, etc.

Staff costs
Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the *Group and the Parent Company's* employees.

Other operating expenses
Other operating expenses include items of a secondary nature in relation to the Group’s and the Company’s activities. Losses from sale of intangible and tangible fixed assets are also included.

Income from investments in subsidiaries
The proportional share of the results of subsidiaries, stated according to the Parent Company’s accounting policies and with full elimination of unrealised intercompany profits/losses and deduction of amortisation of added value and goodwill resulting from purchase price allocation at the date of acquisition, is recognised in the Parent Company’s Income Statement.

In connection with transfers, potential profits are recognised when the economic rights related to the sold subsidiaries are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

Financial income and expenses
Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax
The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets
Patents and licences are measured at the lower of cost less accumulated amortisation and the recoverable amount. Patents are amortised over the remaining patent period. Licences and software are amortised over 3-5 years.

Development costs are capitalized only to the extent that they relate to development projects that will lead to expansion of the company's product range or improvement of the company's production methods. Costs incurred for testing in connection with the production of customer-specific profiles are expensed in the income statement under other operating expenses. Received grants are recognized in the income statement under Other operating income or offset under capitalized development costs and are recognized as income in line with depreciation.

Capitalised development costs are measured at the lower of cost less accumulated amortisation or recoverable amount.

The Company's products have a long life cycle. A developmental course typically takes 2-4 years, and the lifespan of the products is typically 5-20 years or in some cases longer. Capitalized development costs are depreciated on line after completion of development work over the estimated economic useful life, which is on average 7 years.

Tangible fixed assets
Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

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

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

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

	Useful life	***Residual value***
Production plant and machinery..	*3-15 years*	*0 %*
Other plant, fixtures and equipment..	*1-20 years*	*0 %*

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

ACCOUNTING POLICIES

Lease contracts
Lease contracts relating to tangible fixed assets
for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Financial non-current assets
Investments in subsidiaries are measured in the Parent Company Balance Sheet under the equity method, which is regarded as a method of measuring/consolidation.

Subsidiaries are measured in the Balance Sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the Parent Company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill calculated according to the acquisition method. Negative goodwill is recognised in the Income Statement when the equity interest is acquired. Where the negative goodwill is related to acquired contingent liabilities, the negative goodwill will be recognised as income when the contingent liabilities have been settled or cease.

Acquired enterprises are subject to the acquisition method, reassessing all identified assets and liabilities to fair value at the acquisition date. The fair value is calculated based on acquisitions made in an active market, alternatively calculated using generally accepted valuation models. A discounted cash flow model is used to calculate the fair value of investment properties based on a discounted cash flow of future earnings. Operating equipment is recognised at fair value based on an assessor's opinion, based on an overall assessment of the production equipment. The acquisition date is the date on which the Company gains actual control over the acquired entity.

Ascertained excess values in relation to the underlying company's equity value are recognised and measured in accordance with the accounting policies for the assets and liabilities, to which they attributable.

Land and buildings, plants and machines, as well as other fixtures, fittings, tools and equipment are measured at cost with deduction of accumulated depreciations. Land is not depreciated. Investment properties are measured at fair value corresponding to the open market value of the property, where changes to the fair value are recognised in the Income Statement. Inventories are measured at cost according to the FIFO principle with deductions of any depreciations at a lower net realisation value. Receivables and payables are measured at amortised cost.

Received dividend is deducted in the carrying amount of the equity investment.

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

Profit and loss at disposal of investments in subsidiaries are determined as the difference between the net selling price and the carrying amount of the disposed investment at the time of sale, including non-depreciated excess values and goodwill. Profit and loss are recognised in the Income Statement under income from investments.

ACCOUNTING POLICIES

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

Impairment of fixed assets
The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value,, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

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

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

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

Finished goods and work in progress are included at the standard cost. In addition, indirect productio ncosts are imposed.

Indirect production costs include indirect materials and wages, energy consumption in production, as well as maintenance, depreciation and leasing expenses on the machinery, factory buildings and equipment used in the production process.

Uncurricular and slowly tradable goods are written down to the expected net realizable value.

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

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

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

ACCOUNTING POLICIES

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

Other provisions for liabilities
Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

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

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

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

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

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

The amortised cost of current liabilities corresponds usually to the nominal value.

The capitalised remaining lease liability on finance lease contracts is also recognised as financial liabilities.

CASH FLOW STATEMENT

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

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

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

ACCOUNTING POLICIES

Cash flows from financing activities:
Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents:
Cash and cash equivalents include cash at bank and in hand and short-term securities, for which there is only negligible risk of changes in value, and which are readily negotiable for cash at bank and in hand.