Norican Group Annual Report 2022

noricangroup.com

Norican Group
Shaping Industry

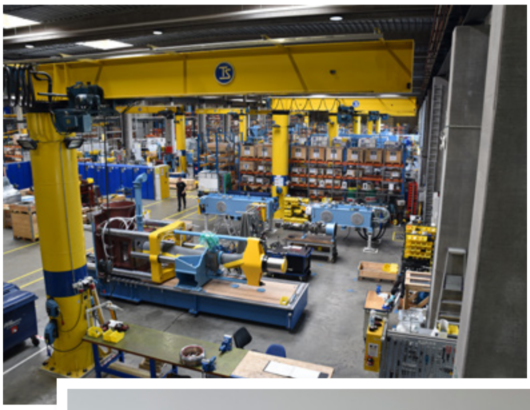
Norican Group 2022 Annual Report

Consolidated Financial Statements
31 December 2022
Together with Independent Auditor's Report

Company
Norican Global A/S
Højager 8
DK-2630 Taastrup
Denmark

Auditor
Deloitte
Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6 2300 Kobenhavn S
Denmark

Company No. 36458755



About Norican Group

Norican Group is a world-leading provider of technology for the formation and enhancement of metallic parts.

The Group is home to six leading international brands: DISA, ItalPresseGauss, StrikoWestofen, Wheelabrator, Simpson and digital brand Monitizer. Together, they offer customers a broad spectrum of integrated solutions, spanning sand preparation, green sand, die casting, melting, transport and dosing, as well as surface preparation.

All brands are dependable partners to customers throughout the whole lifetime of their equipment, with comprehensive, swift and knowledgeable aftermarket and service support.

Norican Group serves a wide range of industries, with foundries being the predominant customer group, foundry and aluminium sectors, through a global network of engineering experts, manufacturing capacity, aftermarket upgrades and local service support. As a single, strong, worldwide partner, Norican is always there for its customers, for the life of their equipment and beyond.

About Norican

8 manufacturing centers

7 global technology centers

2,000

strong Norican team

10

ways we support performance

- Moulding technology
- Casting technology
- Furnace technology
- Shot blasting technology
- Sustainable innovations
- Foundry sand technology
- Mixing technology solutions
- Service
- IIoT & AI solutions
- Spare parts

6

proud brands

DISA, ItalPresseGauss, Monitizer, SIMPSON, StrikoWestofen, Wheelabrator

Norican Technologies

1

commitment to our planet

We have committed to Science Based Targets

2

complete connected foundry processes

Green sand

Sand mixing ›››› Green sand molding ›››› Cooling

Melting ››› Dosing

Monitizer Digital Solutions

Shot blasting / surface preparation

Die casting

Die cast formation

1 mission

To exceed our customers' expectations

Norican Group

Shaping Industry

Contents

Chief Executive's Review

It has been another extraordinary year for Norican Group. Our customers, suppliers and the global Norican team once again faced a year of new and unprecedented challenges. From the war in Ukraine and an ongoing energy crisis to continued supply chain difficulties and a very challenging COVID situation in China.

At Norican, these challenges have strengthened us further. We responded quickly and adapted intelligently. But more than anything, 2022 has been a year of positive, forward-looking action rather than reaction.

Against a backdrop of strong performance, fueled by a record-breaking order backlog at the beginning of the year, we have invested in our business and strengthened it strategically.

A bigger family: Simpson joins Norican

We were delighted to welcome US-based Simpson Technologies to the Norican family in October. The Simpson brand is renowned worldwide for excellence in sand mixing, cooling, handling and reclamation, as well as in sand analysis.

A fifth-generation family business, Simpson has grown successfully and expanded globally, with subsidiaries in Germany and India and a significant footprint in both foundry and chemical process industries. Joining our group, Simpson's global reach is now even greater, and it allows us to act as a one-stop shop for joint foundry customers.

The acquisition is a natural extension of our complete green sand foundry offering, strengthening our capabilities in sand preparation, reclamation, and laboratory testing. Simpson's market leading, reclamation products align perfectly with Norican's environmentally responsible and energy efficient vision for the foundry industry. Together we can reach new customers with an even more compelling and more complete offering.

With our acquisition of Simpson, an experienced, knowledgeable, and connected leadership team joined our group. In Bruce W. Dienst, who continues to head up Simpson globally, we have also found a respected new leader for our complete Norican business in North America.

In his new expanded role, Bruce will continue to champion foundry excellence by bringing the full Norican technology portfolio in front of our joint customers from advancing digital technology adoption to accelerating efforts to improve sustainability – as well as everything from melting to shot blasting, from mixing to digital, and from molding to casting.

Norican is not only benefiting from welcoming Bruce, but also from several other talented and experienced Simpson employees, who are a joy to team up with.

SIMPSON
A Norican Technology

Right: Simpson Pro-Claim

Above: Bruce. W. Dienst, Norican North America President & Simpson CEO & President

Digital solution powerhouse: Monitizer

Our Monitizer digital brand stands for meaningful, practical and continuously developed solutions to support our customers through the digital transformation of industrial processes across all our technologies and beyond.

2022 was a year of solidifying the Monitizer technology platform, while at the same time broadening its applications. The result: new deployments and projects are underway across the world, all on new and improved IIoT infrastructure.

The global digital team is becoming a strategic partner to many customers, supporting, or guiding them on their digital transformation journeys. Whether they're a digital novice or an advanced early adopter, we support our customers by providing solutions to reduce defects and energy consumption through to improving overall equipment effectiveness and resource management. As a brand agnostic solution, the Monitizer team and our AI partner, DataProphet, collaborate closely with our customers' suppliers to ensure the expertise and knowledge of these processes is integrated into the Monitizer Suite.

Increasingly, and importantly, our digital solutions drive more sustainable operations for our customers. More foundries have embraced our digital solutions to dramatically reduce scrap and all our brands have either enhanced or launched energy saving digital tools, as well as remote service offerings to reduce the carbon footprint of looking after our equipment. This is how we believe our customers can make sustainability and profitability go hand in hand.

Recognizing the strategic value of Monitizer for all parts of our and our customers' business and recognizing that Monitizer offers hardware agnostic solutions to the foundry industry, we have decided to elevate Monitizer to a brand of its own - to sit as an equal alongside our other strong technology brands.

A strengthened team: aluminum

To further boost our aluminum technology business, Marco Gandini has joined the Norican team as Senior Vice President Global Aluminum with overall responsibility for our dedicated aluminum brands - ItalPresseGauss and StrikoWestofen.

The appointment comes at a crucial moment of opportunity for our aluminum business, with the latest technology developments hitting a market shaped by the energy crisis and the transition to e-mobility.

StrikoWestofen continues to set the benchmark for energy-efficient furnace technology and energy-saving innovations. In 2022 the team launched new, highly efficient in-cell melting – a solution specifically matched to the needs of customers casting larger, lighter body-in-white parts for the e-mobility market. An unprecedented number of equipment upgrades for improved energy efficiency also took place throughout the year.

Monitizer

More foundries have embraced our AI-powered PRESCRIBE solution to dramatically reduce scrap.

Above: Marco Gandini, SVP Global Aluminum

At ItalPresseGauss, the launch of a super-modular high-pressure die casting machine range enables maximum flexibility particularly poised to scale electric vehicle production. In addition to delivering rapid adaptability for foundries to keep pace with evolving market needs, the modular TF range reduces energy consumption for customers and requires less energy to build.

The modular TF range reduces energy consumption for customers and requires less energy to build.

Beyond the call of duty: mutual support, rewarded

While I am delighted to see our leadership team strengthened this year, what is making me even prouder are colleagues at all levels and across all our locations going above and beyond to support one another and create great places to work.

To pick just two inspiring examples: the team at our HQ in Denmark were awarded "Best Collaborative Workplace" by trade body CO-industri. The award recognizes companies in industry that foster cooperation and dialogue between management and employees. We were nominated by our trade union representative Ansgar Wassmann, who highlighted the culture of trust and a desire to see employees thrive as key ingredients of DISA in Denmark.

The second example are our fantastic HR and admin teams in China, who delivered food packages to 40 employee families during the March-April lockdown in Shanghai. Amid shortages of both food and courier services, they made sure their colleagues received urgent provisions at a time of crisis.

Above: Our team in China

Above: Ansgar Wassmann receiving the award in our DISA HQ, Denmark

From top: Our extended Tumkur facility, India & our fantastic Indian team.

Bottom: Our newly built Wheelabrator Technology Center in Meleten, Germany.

Financials

Norican performed strongly in 2022 delivering revenues of €518.6m (+32% vs. 2021) and EBITDA of €67.5m (+38% vs. 2021). Our equipment backlog decreased 28% from the record-high with which we started 2022 but remains at a very healthy level of €158m at year end. Norican has recovered well from the effects of COVID19 and, following the rationalisation of the group's footprint and headcount, is now a stronger and more resilient business with reduced fixed cost. Norican continues to grow its EBITDA margin, ending the year with 13.0%, exceeding pre-COVID19 levels and from a lower revenue base.

Our liquidity position remained strong during 2022. Norican has continued its disciplined approach to preserve and grow liquidity through cash generation from increased EBITDA. Cash and cash equivalents have decreased this year by €23m to stand at €147m. This decrease was driven by the Simpson acquisition, where the cost of €14m was funded entirely with cash, whilst conversion of the exceptionally high backlog required an increase in working capital. The Group successfully refinanced its debt in February 2023, redeeming the €340m bond and replacing with €270m of new term loans, in addition to arranging a new revolving credit facility of €60m. The combination of improving EBITDA, strong backlog and reducing debt levels create a solid foundation for Norican going forward.

Investing in our business

Over the past year, we have made significant investments in the foundation of our business. New, more sustainable facilities were built in Metelen, Germany, and Tumkur, India, and we have continued our consolidation of warehousing and manufacturing into our European hub in Príbram, Czech Republic, with the ItalPresseGauss warehouse activities being the latest to be integrated.

We have also invested in our I.T. infrastructure, to enable our teams to support our customers and make our operations more sustainable. Examples include moving more and more systems into the cloud and migrating to a powerful new CRM system.

Our lean program continues across the globe, joining forces with more sustainable and more digital ways of working.

Investing in the future of our planet

It is a core part of our mission to leave our planet in a better condition than we inherited it. As technology suppliers to carbon-intensive industries, we are in a position of great influence. We take the responsibility that comes with that very seriously.

A key milestone in our sustainability journey came in November, when we submitted our emission reduction targets for validation by the Science-Based Targets initiative (SBTi). As part of the deep dive that was necessary to establish a baseline and develop a decarbonization roadmap, we learned a lot about our impact on the planet and what we can do to reduce it. We have continued the conversations with our customers and suppliers as a matter of urgency, to drive emission reduction across the whole value chain.

While going through the SBTi target setting process, we embarked on a major drive to embed sustainability thinking within our culture and operations. A global sustainability ambassador program has empowered regions and local communities to make Norican more sustainable in everything we do.

BRONZE 2022 ecovadis Sustainability Rating

At the end of 2022 we were delighted that Norican globally achieved the EcoVadis Bronze sustainability award. We were the first among our peers to commit to setting emission reduction targets under the SBTi, but for us it's only one part of a fundamental shift and of an ongoing effort. As this year has shown, playing our part in securing the future of our planet is also the starting point for a great future for our business.

Looking ahead

In 2023 we will build on our achievements from 2022 – no room for complacency.

The Simpson business will be fully integrated into the Norican infrastructure, and we expect to see benefits both in terms of cost and additional sales. Growing and strengthening our aluminum technology business remains a key focus, where electrification and light-weighting in the automotive industry is an important demand driver for our customers. However, we will also continue to broaden our direct and indirect exposure to further reduce Norican's dependency on any one application field. The recent success in broadening the application use in DISA has given us appetite for more.

Monitizer digital solutions remain a key focus for longer term growth, and it remains an important differentiator. Norican will also welcome more OEMs to use the hardware agnostic Monitizer platform.

We will continue to work on our direct impact, but also with our suppliers and with customers to support them in reducing their CO_2 emissions. Keeping sustainability at the heart of projects within Norican, we expect our targets validated by SBT in Q2, and will build on the EcoVadis rating to improve further.

Finally, we look forward to attending the large global foundry show, GIFA in Germany in June. It will be great to engage with customers and other stakeholders on a bigger stage again. We have decided to participate with as low a carbon footprint as possible, so new developments will mostly be on digital display. We believe in trade shows as opportunities to exchange knowledge and network, not as the hardware exhibitions of yesteryear.

We thank all our customers, suppliers and financial stakeholders for their continued trust, commitment, and collaboration, and for the value they place on our products and services.

Thank you

Our colleagues around the world have been dedicated and worked incredibly hard in the face of continuing challenges... again. Not only have supply chain difficulties, political unrest and inflation tested us all, but competitive pressures and technological change have also intensified. Norican has not only operated efficiently but we have continued to innovate and build the business – and helped our customers and partners build theirs.

We thank all our customers, suppliers and financial stakeholders for their continued trust, commitment, and collaboration, and for the value they place on our products and services.

Norican is a strong business with great technology brands, but we are only as good as our team. A special thank you goes out to our almost 2,000 Noricans for having delivered yet again. Our employees make us confident that whatever challenges lies ahead in 2023 will be handled, and handled well.

Anders Wilhjelm

Chief Executive Officer

Financial Highlights

Year ended 31 December

	2022 €'000	2021 €'000	2020 €'000	2019 €'000	2018 €'000
Income statement					
Revenue	518,564	393,633	350,359	503,923	534,057
Operating profit / (loss)	37,268	23,793	(40,080)	(1,190)	41,693
Underlying gross margin	156,741	123,604	103,177	154,544	162,879
Underlying operating profit	47,511	29,371	10,320	39,081	50,022
Underlying EBITDA	67,458	49,022	32,874	62,662	65,960
Underlying EBITDA % of revenue	13.0%	12.5%	9.4%	12.4%	12.4%
Balance sheet					
Total assets	746,311	731,853	670,002	755,326	769,428
Total equity	135,546	112,595	97,228	169,981	200,379
Cash flow statement					
Cash generated from operations	32,141	73,351	53,859	56,772	41,578
Net cash from operating activities	23,480	65,793	46,135	48,414	36,063
Net cash used in investing activities	(20,710)	(3,654)	(3,653)	(4,276)	(5,076)
Net cash used in financing activities	(27,332)	(25,062)	(25,118)	(29,131)	(18,256)
Net increase / (decrease) in cash	(24,562)	37,076	17,364	15,007	12,731
Reconciliation of Underlying EBITDA and Underlying Operating profit to Operating profit					
Operating profit / (loss)	37,268	23,793	(40,080)	(1,190)	41,693
Restructuring costs	3,873	1,915	11,849	6,460	7,582
Impairment of goodwill and acquired intangibles	—	—	38,485	30,000	—
Write-down of historic inventory balances	—	3,330	—	—	—
Other non-underlying items	6,370	333	66	3,811	747
Underlying Operating profit	**47,511**	**29,371**	**10,320**	**39,081**	**50,022**
Depreciation	9,980	10,723	12,176	13,314	5,242
Amortisation of intangible assets	9,967	8,928	10,378	10,267	10,696
Underlying EBITDA	**67,458**	**49,022**	**32,874**	**62,662**	**65,960**

Effective 1 January 2019, the Group adopted IFRS 16, which increased Underlying EBITDA, the reported amount of cash from operations, depreciation of right-of-use assets and cash used in financing activities by €8,075k. Amounts for prior years were not restated.

Results of the Wheelabrator Vibro business were reclassified to discontinued operations during 2019 and in accordance with IFRS 5, 2018 results were also restated to reflect this classification.

Definitions of financial highlights and ratios are provided on page 67.

Chief Financial Officer's Report

Acquisition of Simpson Tecnologies

On 30 September 2022, Norican Group completed the acquisition of Simpson Technologies Corporation for €14.0m in an all-cash transaction. Simpson are the leading experts in sand mixing, cooling, handling, reclamation and analysis, and become Norican's fifth big technology brand.

The final consideration value is contingent on the conclusion of a fair value assessment of inventory acquired. The outcome of this assessment may lead to a decrease in consideration.

Simpson's performance since the date of acquisition is consolidated into Norican Group results. See note 6 for further information.

Strong performance in 2022

Revenues grew to €518,564k in 2022 from €393,633k in 2021, an increase of €124,931k, or 32%.

Gross margin as % of revenue decreased from 30.2% in 2021 to 29.7% in 2022 on a reported basis. Adjusting for non-underlying items, the underlying gross margin % decreased from 31.4% in 2021 to 30.2% in 2022. These decreases were driven primarily by changes in the mix of sales.

SG&A increased to €106,861k in 2022, compared to €86,286k in 2021, an increase of 24% on a reported basis. Changes in currency exchange rates increased underlying SG&A by €3,715k in 2022. Excluding the currency translation effect, and non-underlying costs, SG&A increased €10,490k, or 12%, mainly reflecting the upturn in sales-related activity as the effects of the pandemic started to recede. As a percentage of revenues, underlying SG&A was 19% compared to the prior year at 22%.

Amortisation of intangible assets increased to €9,967k in 2022, compared to €8,928k in 2021, which relates to the amortisation of customer relationships, patents and capitalised development expense.

Underlying EBITDA, which represents underlying operating earnings excluding depreciation and amortisation, grew to €67,458k in 2022 from €49,022k in 2021, an increase of €18,436k, or 38%. Changes in currency exchange rates increased EBITDA in 2022 by €2,658k, as compared to translation rates for 2021. The growth in EBITDA reflects the improved trading conditions in 2022, and the benefits of the restructuring activity that the Group has undertaken since 2021.

Revenue growth

32% increase

Underlying EBITDA

38% increase

On 28 February 2023, the Group completed the refinancing of its debt.

Finance costs increased to €30,920k in 2022 from €23,214k in 2021, an increase of €7,706k, or 33%, driven by fluctuation in foreign exchange rates and costs related to the refinancing of the Group's debt. Finance income increased by 31%, or €1,464k, to €6,224k in 2022, compared to €4,760k in 2021, reflecting higher interest rates.

Overall foreign exchange loss in 2022 is €3,396k, compared to a gain of €622k in 2021.

The Group incurred €10,243k of non-underlying costs in 2022, compared with €5,577k in 2021. 2022 non-underlying costs mainly consist of restructuring provision for the restructuring of European manufacturing of €3,873k, external consulting costs on strategic projects of €3,469k and integration costs relating to the acquisition of Simpson of €1,914k. In 2021, there was a provision of €1,915k for the restructuring of European manufacturing, plus a charge of €3,330k for the write-down of inventory at our US Castalloy site, which was found to have been overstated due to operating system and process errors dating back to 2015.

Income tax expense decreased to €9,233k in 2022, from €10,791k in 2021.The underlying tax charge in 2022 of €9,642k relates to corporate income tax across the Group's entities.

Equipment order backlog as of 31 December 2022 was €158,327k, an decrease of €62,321k, or 28%, as the Group has worked through the record-high backlog of €220,648k at 31 December 2021. The backlog is split 49% Wheelabrator, 30% DISA, 16% Striko, 3% Italpresse and 2% Simpson.

Cash flows

Net cash from operating activities of €23,480k in 2022 (€65,793k in 2021) was predominately attributable to higher net income for the year, as adjusted for non-cash items, offset by increased demand for working capital, as the business worked through the significant opening backlog. Cash paid out in taxes of €8,661k in 2022 (2021 €7,581k).

Net cash used in investing activities of €20,710k in 2022 consisted primarily of investment and capital expenditure of €8,483k, and the acquisition of Simpson. Capital expenditure included the acquisition of machinery and equipment of €645k, I.T. of €1,278k, other expenditure of €3,563k and intangible additions of €2,995k. Other expenditure includes €2,987k where construction is in progress.

Net cash used in investing activities of €3,654k in 2021 consisted primarily of investment and capital expenditure of €1,186k. Capital expenditure included the acquisition of buildings and improvements of €683k, machinery and equipment of €597k, IT of €463k, other expenditure of €1,862k and intangible additions of €1,235k.

Net cash used in financing activities amounted to €27,332k in 2022 (2021: €25,062k). This is comprised primarily of €19,667k finance costs paid (2021: €17,459k) and €6,856k in payments on the Group's lease liabilities (2021: €7,636k).

Debt refinancing, liquidity and capital resources

Cash includes cash on hand and in banks and investments in money market instruments totalling €146,979k and €169,812k as of 31 December 2022 and 2021, respectively.

The Group's primary debt as at 31 December 2022 related to the €340m Senior Secured Notes issued in 2017, which were due for redemption in May 2023. On 28 February 2023, the Group completed the refinancing of its debt. New loans totalling €270m from a consortium of Nordic banks and investment funds, including a €45m loan from Altor, Norican's majority shareholder, plus a new €60m revolving credit facility ("RCF") provided by certain members of the financing consortium, were put in place. The weighted average maturity of the term loans is greater than four years and the weighted average interest margin is under six per cent.

The €340m Senior Secured Notes were redeemed in full at par, plus accrued interest.

Our business has required and will continue to require liquidity, primarily to meet our debt service requirements, fund capital expenditures and fund growth of our working capital. Our principal sources of liquidity are accumulated cash generated from our operating activities and the Group's RCF. Following the refinancing, the Group has approximately €50m of cash at hand plus the RCF of €60m, of which only €25m is at present used for bank guarantees, leaving the company with ample available liquidity.

Based on our current level of operations, we believe our cash flow from operations, available borrowings under the Group's RCF, and cash and cash equivalents will be adequate to meet our liquidity needs.

Risk factors and outlook for 2023

Subject to the risk factors below, 2023 Revenue is anticipated to be broadly flat year-on-year, with EBITDA margins remaining in the 12% to 13% range

We remain cautious about the outlook for 2023, mainly due to concerns around the potential for recessionary and inflationary pressures in many of our key markets. The conflict in Ukraine is still affecting our supply chain but initial turmoil and subsequent scare of gas-outages has subsided. This is somewhat offset by a return to a more normal environment in China after zero-covid policies; there are also tentative signs that inflation levels across all developed economies have started to moderate.

We started 2023 with an equipment backlog down 28% compared to the highs we started 2022 with, albeit one which still provides revenue coverage in line with what has been required historically to deliver plan numbers. This lower backlog will translate to sales at a faster rate as order to delivery cycles accelerate. Aftermarket is expected to perform well again with strong pricing action (both strategic and tactical) being the main drivers of revenue, with volumes shipped being more subdued.

Supply chain behaviour has started to normalize with both cost and lead time pressure beginning to moderate, however, we still expect to see some cost pressure and capacity constraints in a few key areas. This may impact the conversion of work in progress to finished goods and therefore, the results of operations, our financial condition and cash flows.

Norican's main customers are ferrous metal foundries and light metal die casters. Our customers' main markets include automotive, industrial, construction and other sectors, which are cyclical in nature; this presents a demand risk that is outside of our control, and which cannot be accurately predicted. Any sustained downturn of demand in our customers' main markets may have an adverse effect on our business, financial position and results of operations.

Declan Guerin
Chief Financial Officer

Environmental, Social and Governance

About Norican

Norican Group is a world-leading provider of technology for the formation and enhancement of metallic parts.

Norican consists of six leading international brands for parts production and treatment: DISA, ItalPresseGauss, Simpson, StrikoWestofen and Wheelabrator and our brand agnostic digital solution brand; Monitizer. Together, we offer customers a broad spectrum of integrated solutions, spanning green sand molding, die casting, sand preparation, melting, transport and dosing, as well as surface preparation.

Norican Technologies

DISA

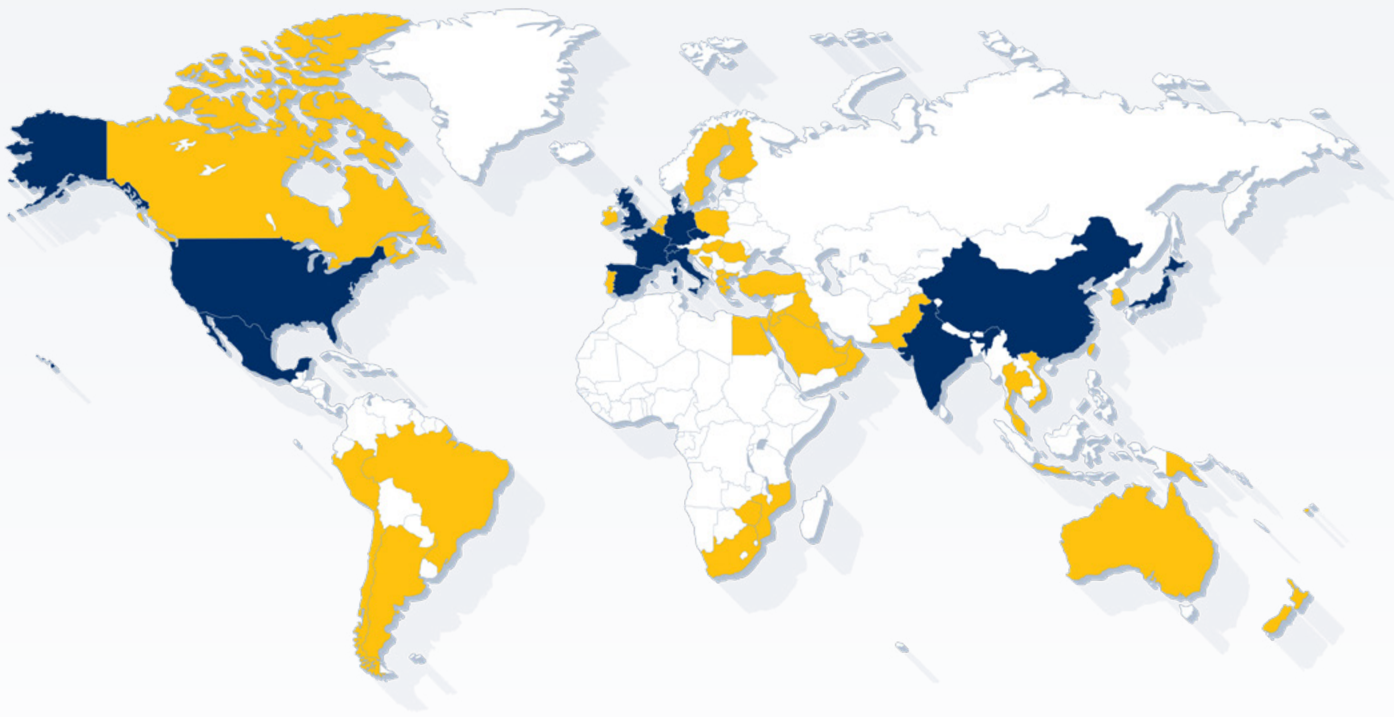
ItalPresseGauss

Monitizer

SIMPSON

StrikoWestofen

wheelabrator



Norican office and production sites

Norican representative

Operating globally, we have locations in Europe, North America and Asia.

We serve a wide range of industries, with foundries being the predominant customer group, through a global network of engineering experts, manufacturing capacity, aftermarket upgrades and local service support. As a single, strong, worldwide partner, Norican is always there for its customers, for the life of their equipment and beyond.

Our ESG Report: making a positive impact

Our environmental, social and governance responsibilities are not add-ons, nice-to-haves or mere boxes to tick. They run through three of our four core values as a business:

- **leading for sustainability**
- **developing employee talent**
- **respecting diversity and teamwork**

The fourth, **delivering on every commitment**, holds us to account on the other three and the promises we make to our communities.

In short, we strive to embed the highest standards of sustainable, ethical and good conduct deep in our culture, in our behaviors and practices. It means we can and must always do better. Every year.

Here's how we have lived our values in 2022, how we have set the bar higher and measured up against our ESG ambitions. This short report captures the everyday and the big milestones – from making a landmark emission reduction commitment to using less paper. From training our people in anti-bribery and corruption to taking a stance – and quick action - in response to the war in Ukraine.

50.4%
our Scope 1 & 2 emission reduction target, awaiting validation by the SBTi

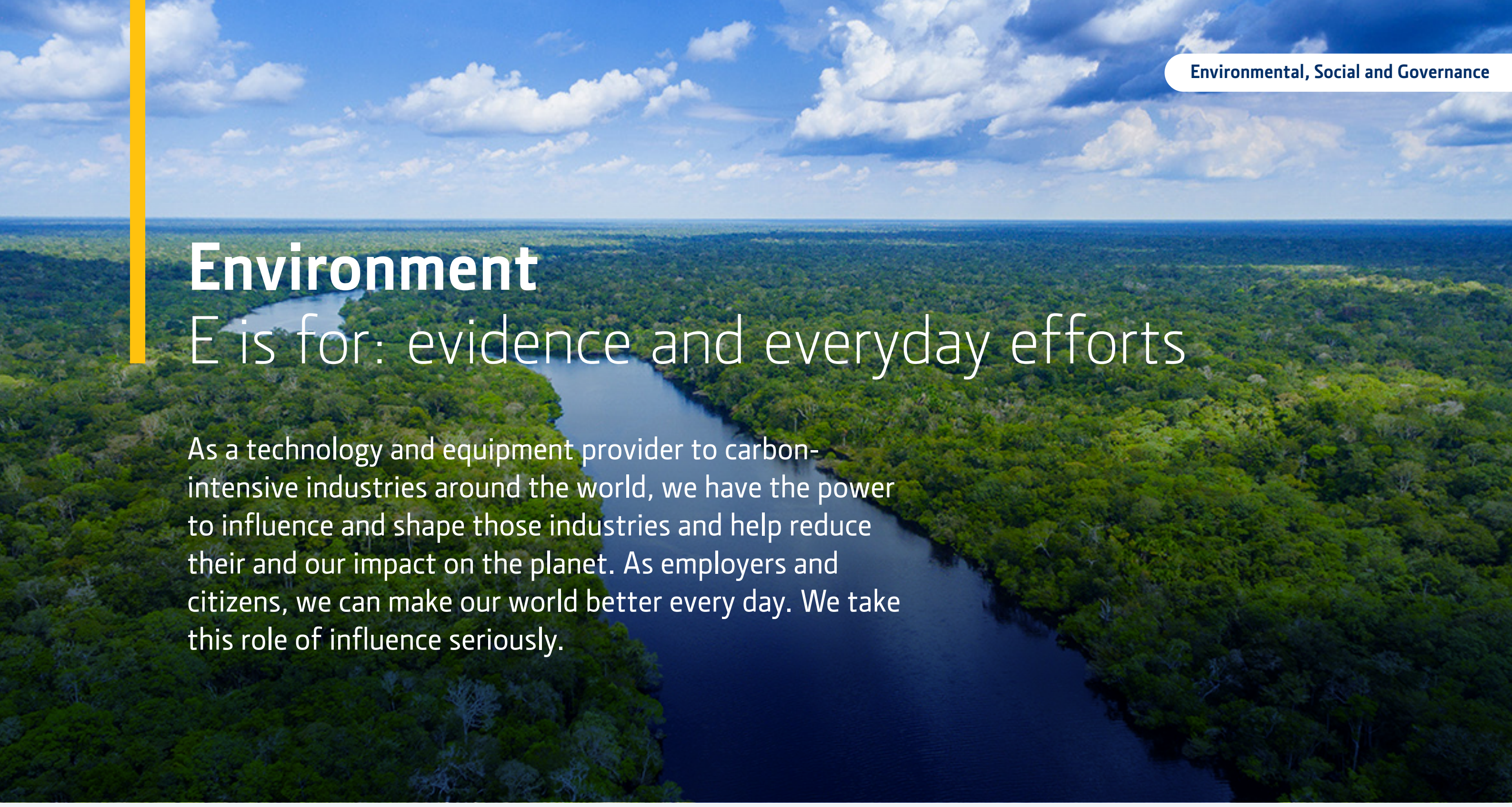
23
EV charging bays installed across three sites

750
trees planted

2m kWh
solar electricity our facility in India has committed to purchase to help fund the installation of solar power generation

29
sustainability ambassadors appointed globally

232
ideas on sustainability and climate action submitted by colleagues



Environment
E is for: evidence and everyday efforts

As a technology and equipment provider to carbon-intensive industries around the world, we have the power to influence and shape those industries and help reduce their and our impact on the planet. As employers and citizens, we can make our world better every day. We take this role of influence seriously.

We identified the impact of greenhouse gases (our supply chain, our customers, and our internal) as a risk to the environment which is why at the end of 2021, we committed to setting ambitious **emissions reduction targets** under the Science-Based Targets initiative (SBTi). In November 2022, ahead of our deadline and following significant work to understand our footprint and baseline, we submitted our targets for validation to the SBTi. In addition to over 50% reduction by 2032 reduction target for Scope 1 & 2 emissions, throughout 2023 we will engage our supply chain and customers to reduce their emissions (Scope 3).

How SBT are defined?

Calculating Norican's CO_2-equivalents emissions we followed the standard of the Greenhouse Gas Protocol: Corporate Accounting and Reporting Standard.

Scope 1:

Emissions are direct emissions of greenhouse gases and are measured as CO_2-equivalents.

Scope 1 emissions for Norican include fuel and gas use for various operational activities involving three different categories: stationary combustion, mobile combustion and fugitive/process emissions.

Scope 2:

Emissions include indirect emissions from electricity, heat, steam and cooling purchased and consumed by Norican.

We use location and market-based methods for calculations of Scope 2 emissions in line with the Greenhouse Gas Protocol Scope 2 guidance.

Scope 3:

Greenhouse gas emissions include indirect value chain greenhouse gas emissions, in line with the standards of the Greenhouse Gas Protocol: Corporate Value Chain (Scope 3) Accounting and Reporting Standard.

We are working with our customers and suppliers to encourage them to join us in our mission to leave the planet in a better condition than we inherited it.

We have an environmental policy to manage resources effectively and limit the environmental impact of activities from our business units. In addition to this we have our energy reduction policy, it encourages a responsible attitude towards energy use amongst all our employees. They are communicated internally and externally on our website.

The year also saw the roll-out of our **Sustainability Ambassador program**, aimed at driving sustainability initiatives from the grassroots up. Sustainability Ambassadors report to the global leadership team and actions are shared and implemented globally and locally. Hundreds of ideas have been gathered and implemented already – from reducing plastic by switching to glass milk bottles to installing EV charging points. Throughout 2023 we will build on greenhouse gas reduction activities which have already been implemented and continue to share best practice throughout our global locations.

We have clear guidelines to **actively reduce travel**; to limit business travel to instances where a clear need can be demonstrated. Not travelling is the default and we have invested in communication and collaboration tools to minimize travel requirements. We encourage people to cycle, carpool or use public transport to get to work when they need to and offer hybrid working where possible.

We have **embedded sustainability and energy efficiency objectives in all new product development** and have trained sales teams and the supply chain to engage our whole value chain in driving more sustainable production. All our digital technologies are geared towards helping our customers make quick progress in reducing energy consumption, waste, use of resources and travel.

All our locations around the world are, and will continue to be, encouraged to **recycle and reduce waste**. The canteen at our HQ in Denmark minimizes food waste by optimizing ingredient use and selling leftover meals to staff at the end of the day. Equipment and consumables are reused and recycled or donated wherever possible, and we reuse all packaging materials when shipping between Norican sites. In 2022, all payslips in the UK were moved to a digital system to save paper.

We have continued to **invest in making our facilities more sustainable** in 2022. This includes all-new, much more energy-efficient buildings in Metelen, Germany, and Tumkur, India, as well as initiatives to reduce the energy consumption and mix of existing facilities. For example, in Denmark, the solar panels on our HQ roof produced 42.000 kWh in 2022; in Slough, UK, we have changed all lighting to LED to save a significant amount of electricity.

Above: Tumkur, India

Above: Metelen, Germany

Social
S is for: safe and sustainable communities

We strive to strengthen the communities we're part of – engaging our employees, involving, and giving back to local communities and contributing to our professional ecosystems.

In 2022, we've continued to **invest in future skills and education** across the world. In India, 59 graduate engineering students across Karnataka were sponsored by Norican FFE scholarship through the Non-Government Organization (NGO) Foundation for excellence. We also continued the Jan Johansen scholarship in India, Jan was a DISA India Ltd Director, and a true pioneer visionary in green sand molding. We partnered with the National Institute of Advanced Manufacturing Technology to provide five students with a grant whilst completing their bachelor's degree. To date approx 2,400 students in India have benefited from the Norican Scholarship which is provided to institutions in and around our Tumkur and Hosakote manufacturing sites.

In China, we welcomed a student delegation to visit our Changzhou plant, which has this year been awarded training base status for technicians in the foundry and die casting industries. In the US, the Simpson team has, for the 75th year running, provided financial support to the Foundry Educational Foundation (FEF). A Norican delegation went on to attend the FEF's Careers Fair in Chicago to meet the next generation of top engineering talent from over 30 universities.

Above: Hohai University delegation, China

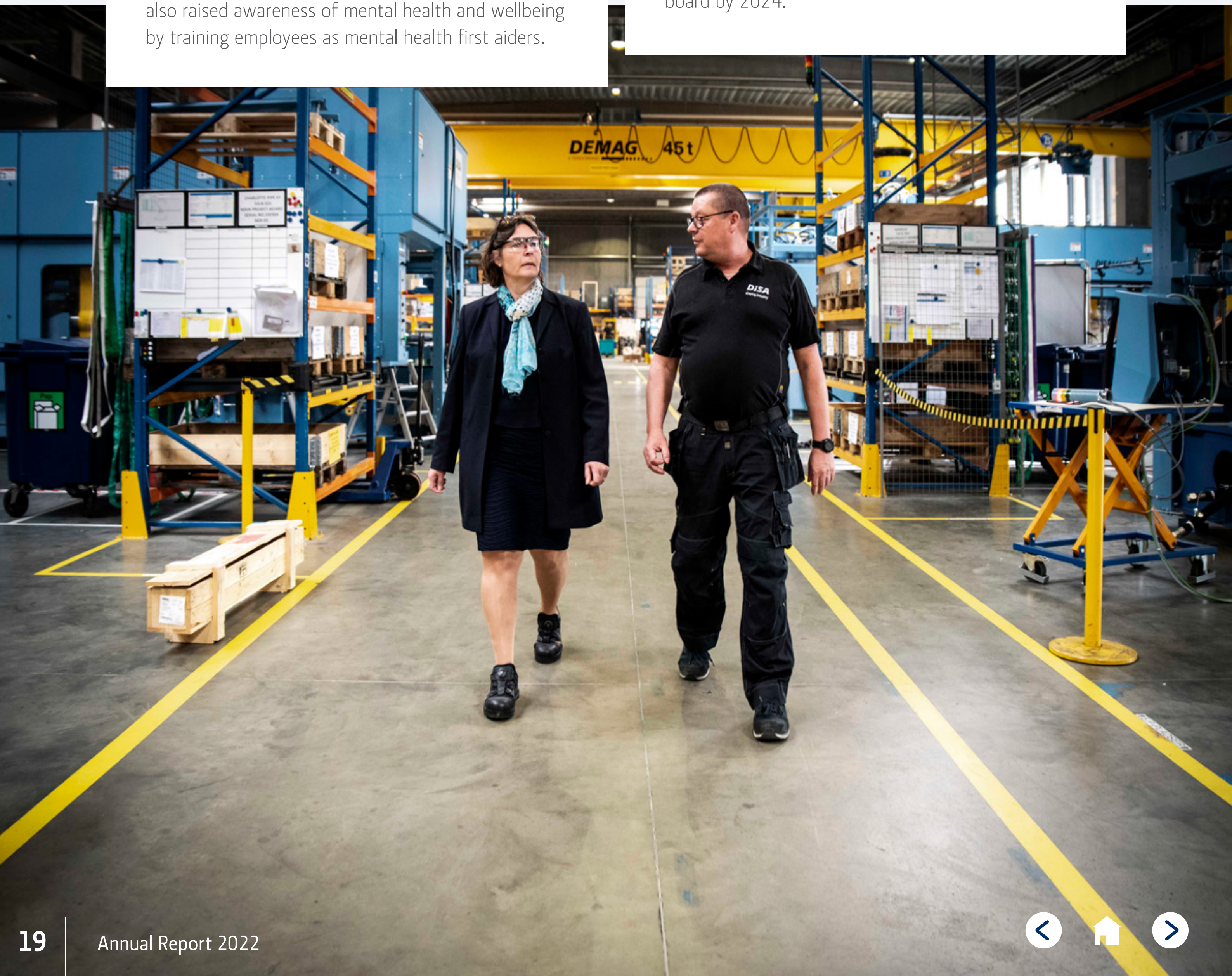
We **engage with our local workforces and their families**. For example, over 400 people joined our family open day in Changzhou, China, and more than 100 former or retired workshop technicians were welcomed to our DISA HQ in Denmark to say hello and reconnect. In the UK, we've introduced regular 'town hall' meetings to share updates with all employees and in Japan, we involve local teams in all important decisions and discuss them as a group. During 2022, our US employees completed an engagement survey to give feedback and ensure the voice of our people is captured and heard. Following the success and learnings from this pilot we will roll out our first ever global employee survey in 2023, with learnings shared, and actions created to introduce improvements and eliminate problems.

Above: DISA HQ in Denmark

Looking after our people means **keeping them and their world safe**. We have a non-financial KPI to eliminate all work-related injuries for our employees with the purpose of maintaining a safe and healthy work environment throughout Norican's workplaces. Throughout 2023, we will continuously work on our safety culture - enhancing training, completing global audits to assess risks to our people's health, safety & wellbeing, and addressing them. All our locations now report health and safety statistics monthly, and these are tracked against targets. When we identify a particular risk, we remove it or address it through training, awareness days and refreshers. For example, manual handling was identified as a major risk in 2022 so additional training was completed, and customer site working was a major health & safety issue in the first half of 2022, but was addressed with new procedures and an awareness campaign, which brought down incidents in Q3 and Q4. We also raised awareness of mental health and wellbeing by training employees as mental health first aiders.

We **actively work towards building a more diverse workforce** and leadership team. Diversity helps us think and act in high-performing teams that reflect our current and future customer audiences, as well as the world we live in. It ensures that, collectively, we have better ideas, make better decisions and understand all our customers, not just the ones that share our gender, age, background or ethnicity.

In 2022, we have reworked our online recruitment pages to ensure we remain visible as an equal opportunities employer, and our recruitment brief is to encourage a diverse range of applicants. We are proud that our 15 strong global leadership team includes people spanning three continents and 10 different nationalities. 20% of our global executive team are women. Our Board of Directors currently consists of five men, but our shareholders will continue to work towards our goal of adding at least one woman to our board by 2024.



Making a world of difference | Asia

China

In October 2022, a team of Norican Changzhou employees along with their families, took part in the 'Trudge for a Bag of Milk', a traditional fundraising activity where people walk along a course to raise money for children who need milk. This year, the Norican team managed 14 kilometers - with everyone completing the course.

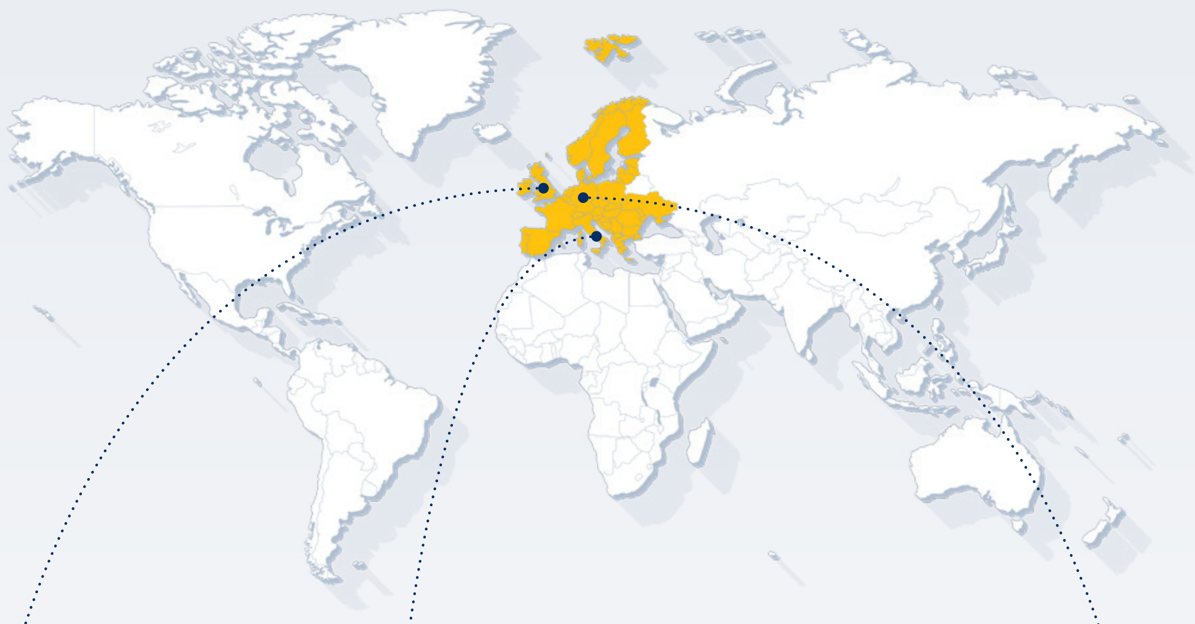
China

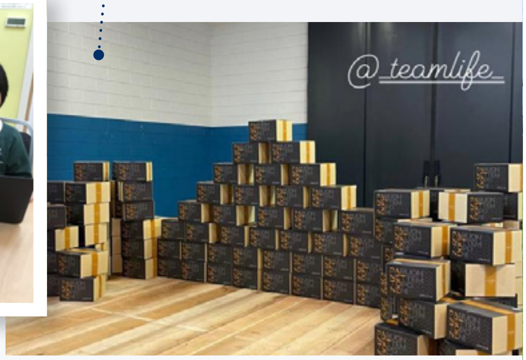
19 EV charge points were added across Norican sites in China saving more than 8000kg of CO_2 per year in commuting.

India

In addition to scholarships, we gave donations to improve facilities such as clean water, sanitation and laboratory equipment at institutions close to our manufacturing plants in Tumkur and Hosakote.

Making a world of difference | Europe





UK

Our Altrincham office provided laptops that are older but in perfect working condition to a local primary school.

This donation was made in the hope of enabling young children to learn vital digital skills and thrive in an increasingly digital world.

Denmark

The purchasing department of our HQ in Denmark made two furniture donations to give big ticket items a new lease of life.

Office furniture and equipment of good quality that hadn't been used for some time was picked up for free – and, as we later found out, several of the items donated, such as white boards, found a second home at a local football club, a horse stable and at a retired people's club.

Italy

At Christmas the ItalpresseGauss team supported a charity called TeamLife which is local to our Technology Center in Brescia. TeamLife is an amateur sports charity committed to sending a message of hope and supporting young people diagnosed with cancer.

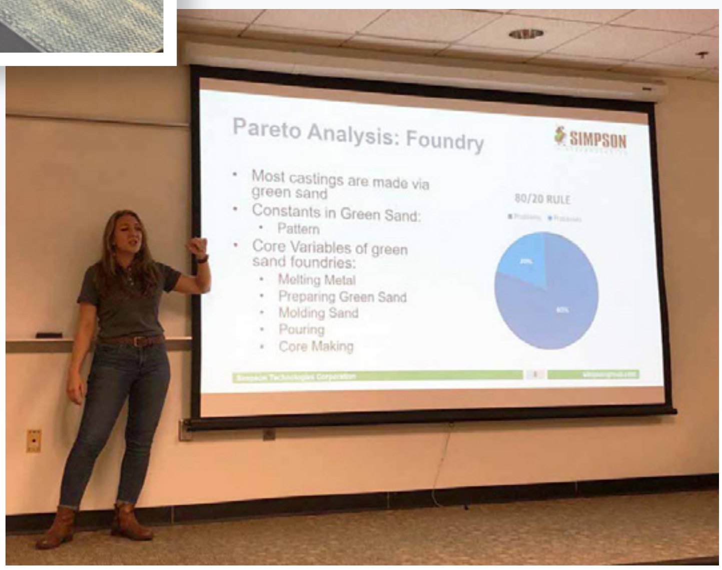
Germany

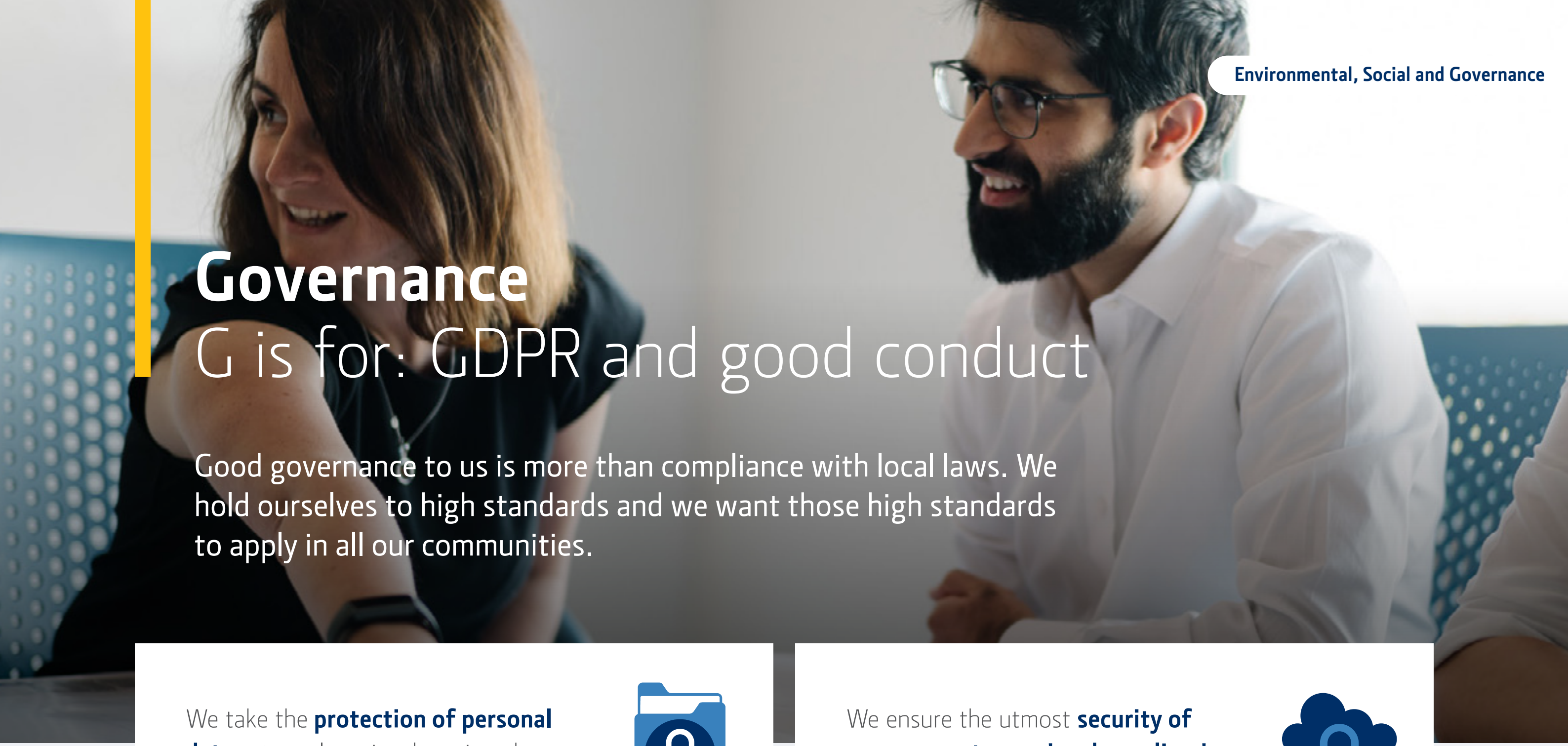
We provided a local football team close to our Wheelabrator Technology Center in Metelen with new football kits.

Making a world of difference | North America

US

The Wheelabrator and Simpson teams made equipment donations to two local universities. At Georgia Southern University, Wheelabrator gave a surplus shot blast machine, and Simpson gave a sand mixer; their global product team also shared their green sand cost savings knowledge with students in a seminar. Simpson also installed a mixer at Purdue University for their foundry laboratory.





Governance
G is for: GDPR and good conduct

Good governance to us is more than compliance with local laws. We hold ourselves to high standards and we want those high standards to apply in all our communities.

We take the **protection of personal data** extremely seriously, going above and beyond local regulations. In 2022, we were awarded Binding Corporate Rules (BCR) approval, which means we commit to adhering to GDPR in all countries. GDPR sets one of the highest standards for protecting personal data – both for employees and business contacts.

As a business, we have a strong moral compass and we **demonstrate our ethics through clear action**. When Russia invaded Ukraine in February 2022, we had stopped all commercial activity with Russia within a week. In addition to leading by example, we ensure our employees understand the ethics underpinning our values and receive training on what's right and wrong.

Our **health & safety management system** has been updated with a new reporting system for accidents and near misses and clear targets for recordable incidents and lost time. This is audited regularly, by internal and external auditors. Maintaining a healthy and safe work environment will remain a focus for all employees throughout 2023. The global health & safety team conducts monthly calls to plan training and awareness activity against reported risks and incidents to continuously make progress towards our goal ZERO incidents.

We ensure the utmost **security of our, our customers' and suppliers' data and systems**. We have now implemented a cloud-first approach across our systems, allowing us to have an overarching governance and compliance regime across all of them.

Similarly, we have revised and recommunicated our **Code of Conduct** in 2022. It has been incorporated into the annual appraisal process, meaning it will be reviewed, reread and discussed annually. Health & safety guidance is included in the Code, providing a baseline for all other activities and campaigns around safety culture and awareness. We have introduced a Supplier Code of Conduct and shared it with suppliers. Supplier sustainability requirements have been incorporated in our supplier policies and we have updated our supplier assessment and procurement processes to include sustainability criteria.

We have had our **sustainability management system** independently assessed by EcoVadis who reviewed our performance in 4 key areas: Environment; Ethics; Labor and Human Rights; and Sustainable Procurement. EcoVadis evaluated business conduct, implemented activities and current key performance indicators (KPIs) within the sustainability management system, this resulted in Norican awarded a bronze rating in recognition of our sustainability achievement globally.

BRONZE 2022 ecovadis Sustainability Rating

Governance:
Policies, certifications and processes

Certification

Company policies regarding environment and climate have been implemented at a site-specific level and include ISO 14001:2015 certification, which specifies the requirements for an environmental management system that can be used to enhance environmental performance based on mapping the environmental impact from the site-specific activities.

We also have:

- ISO9001:2015 Quality Management System at 14 sites;
- ISO14001:2015 Environmental Management System at 7 sites.
- ISO45001:2018 Health and Safety Management System at 2 sites.

Code of Conduct

The Norican Code of Conduct is guided by our values. It has group level policies related to ethics and with respect to compliance with applicable laws in each jurisdiction. These policies apply to each subsidiary in Norican Group. Accordingly, each subsidiary shall comply with applicable laws, rules and regulations at a local level. If there is any conflict or ambiguity between local laws or regulations and our Code, then we apply the higher standard.

We have reporting systems to ensure an efficient and diligent process in handling the reporting of possible violations. Norican's General Counsel is the responsible officer for such reporting procedures.

We have procedures in place for reporting and have a multilingual whistleblowing hotline 'Speak Up', which is provided by a third party, WhistleB, and is available 24 hours a day, 7 days a week, 365 days a year. It allows anyone to anonymously report any behavior which contravenes our Code of Conduct.

Modern Slavery / Human Rights

Our zero-tolerance approach to modern slavery, including forced labor, human trafficking, and child labor, is described in our Code of Conduct. We have identified potential risks within the business and have effective systems in place to ensure modern slavery or child labor is not taking place in our business or our supply chain. We do supplier risk assessments based on 3 criteria; geography, business type and spend. We assess countries where our products are sourced using the Global Risk Profile and prioritize the potential risks. For high-risk suppliers we may also conduct an audit.

During 2022 we launched our Supplier Code of Conduct which has been communicated to all current, and will be sent to any new supplier. Compliance with these policies is monitored on an ongoing basis and tested through an annual reporting and certification procedure applicable to all subsidiaries. Our whistleblowing hotline is one way of reporting and upholding our zero-tolerance approach. There have been no reported breaches regarding modern slavery and human rights in 2022 and we do not expect this to change in 2023.

Anti-Bribery and Anti-Corruption

We want to compete fairly wherever we operate and do not tolerate bribery, kickbacks, fraud, money-laundering, or any other improper payment. We have a clear Anti-Bribery Policy and will comply with all applicable local anti-bribery and anti-corruption laws.

We have identified risks within Norican and our supply chain, and are very clear that any violation of the Anti-Bribery Policy by any employee, manager, officer or director will result in sanctions which may include dismissal for cause and/or criminal and civil proceedings. The consequence of a violation of the policy by any third party, including consultants, suppliers and contractors doing any type of work for Norican, will be termination of any agency, representative, distributor or similar agreement and/or criminal and civil proceedings if appropriate. For our suppliers we use the same risk assessment criteria as for human rights prevention and ensure they sign our Supplier Code of Conduct and are audited if necessary. We are not aware of any breaches regarding corruption in 2022 and expect internal controls to prevent any breaches in the future. We will continue to promote our Code of Conduct internally to colleagues and new employees to highlight our standpoint on anti-corruption matters.

Privacy policy, data ethics and personal data

We have a Privacy Policy in place that ensures the correct handling of personal data. We do not process large amounts of personal data, so we do not have a dedicated data ethics policy.

Personal data is processed in accordance with the EU General Data Protection Regulation (GDPR) which is implemented globally. We have now also been awarded BCR (Binding Corporate Rules) approval, which means we have a clear code of conduct for applying GDPR standards globally and across territories.

If personal data is not related to the fulfilment of an agreement, nor required to comply with applicable laws, the relevant person's consent is obtained to hold their personal data until such a time that they request it be removed.

Norican does not actively buy customer marketing lists as we do not consider this an ethically sound business practice. Our database is regularly cleansed to ensure the data is accurate and complies with our Privacy Policy.

Norican does not sell personal data nor share personal data with third parties unless legally required or needed to fulfil an agreement with the person.

All personal data is protected by our I.T. security system, and the majority is physically located inside the EU. Outside the EU, data is located on Norican servers, unless legal or contractual requirements require data to be shared with authorities or other 3rd parties.

What's next?

Over the past two years, we have made significant, ambitious ESG commitments, especially around our environmental and climate impact. In 2022, we developed targets and put systems in place to better track our progress.

From here on it is about measuring performance and reporting against the goals we've set to make progress faster. We expect to receive validation of our emission reduction targets in Q2 2023, and we are now using the EcoVadis framework to measure our ESG performance and identify areas of improvement.

A key focus in 2023 will be to tackle carbon emissions up and down our value chains – by educating and engaging our suppliers and customers to join us in addressing our industry's impact on our planet.

We look forward to reporting ever clearer, more quantifiable, and even more pronounced progress on all our goals next year. The foundations have been laid.

Statement by Board of Directors and Executive Board

The Board of Directors and the Executive Board have today considered and approved the Annual Report of Norican Global A/S and its subsidiaries for the period from 1 January 2022 to 31 December 2022.

The Annual Report is presented in accordance with International Financial Reporting Standards as adopted by the European Union ("EU") and the disclosure requirements applying to Danish companies.

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

In our opinion, Management's Review includes a fair review of the development in the Group's and the Parent Company's business and financial matters, the results for the year and of the Parent's financial position and the financial position as a whole for the entities included in the consolidated financial statements, together with a description of the principal risks and uncertainties that the Group and the Parent Company face.

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

Taastrup, 29 March 2023

Executive board:

Anders Wilhjelm, Chief Executive Officer

Declan Guerin, Chief Financial Officer

Board of directors:

Jean Marc Lechêne, Chairman

Søren Johansen, Director

Daniel Reimann, Director

Siegfried Pint, Director

Anders Wilhjelm, Director and Chief Executive Officer

Independent Auditor's Report to the shareholders of Norican Global A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Norican Global A/S for the financial year 1 January 2022 to 31 December 2022, which comprise the income statements, statements of comprehensive income, balance sheets, statements of changes in equity, cash flow statements and notes, including a summary of significant accounting policies, for the Group as well as the Parent. The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31 December 2022, and of the results of their operations and cash flows for the financial year 1 January 2022 to 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of 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 parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary. Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

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

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

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

Copenhagen, 29 March 2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Eskild Nørregaard Jakobsen
State Authorised Public Accountant
Identification No (MNE) mne11681

Consolidated Income Statement

	Note	2022 €'000	2021 €'000
Revenue	2	518,564	393,633
Cost of sales	3	(364,468)	(274,626)
Gross margin		154,096	119,007
Operating expenses			
Selling, general and administrative	3	(106,861)	(86,286)
Amortisation	3, 8, 9	(9,967)	(8,928)
Total operating expenses		(116,828)	(95,214)
Operating profit		37,268	23,793
Underlying operating profit		47,511	29,371
Non-underlying items	5	(10,243)	(5,578)
Finance income	15	6,224	4,760
Finance cost	15	(30,920)	(23,214)
Profit before taxation		12,572	5,339
Tax charge	7	(9,233)	(10,791)
Profit / (loss) for the year		3,339	(5,452)
Attributable to:			
Owners of the Parent		1,602	(6,267)
Non-controlling interests		1,737	815

Consolidated Statement of Comprehensive Income

	2022 €'000	2021 €'000
Profit / (loss) for the year	3,339	(5,452)
Other comprehensive income / (loss)		
Items that will not be reclassified subsequently to profit or loss:		
Actuarial gains / (losses) on pension scheme obligations (see note 17)	16,105	15,610
Deferred tax on pension scheme obligations	(3,565)	(2,292)
Items that may be reclassified subsequently to profit or loss:		
Gains / (losses) on hedging instruments	–	(156)
Exchange movements on translation of foreign subsidiaries	7,881	7,624
Other comprehensive income for the year	20,421	20,786
Total comprehensive income for the year	23,760	15,334
Attributable to:		
Owners of the Parent	23,073	14,190
Non-controlling interests	687	1,141

Consolidated Statement of Financial Position

	Note	2022 €'000	2021 €'000
Non-current assets			
Goodwill	8	205,946	196,645
Other intangible assets	9	117,451	122,031
Property, plant and equipment	10	47,494	39,138
Deferred tax assets	7	9,247	12,674
Other non-current assets		2,137	2,213
Total non-current assets		382,275	372,701
Current assets			
Cash and cash equivalents	14	146,979	169,812
Trade and other receivables	13	83,249	67,633
Current tax receivable	7	11,495	8,911
Inventory	12	100,435	94,260
Other current assets		21,878	18,536
Total current assets		364,036	359,152
Total assets		746,311	731,853
Non-current liabilities			
Bond debt	15	–	337,593
Pension liabilities	17	2,101	20,640
Other liabilities	11	15,756	8,864
Deferred tax liabilities	7	19,905	21,896
Total non-current liabilities		37,762	388,993
Current liabilities:			
Bond debt	15	339,214	–
Trade and other payables		48,627	47,334
Current tax payable	7	17,896	12,472
Accrued liabilities and provisions	16	96,563	83,704
Deferred revenue		64,421	80,105
Other current liabilities	11	6,282	6,650
Total current liabilities		573,003	230,265
Total liabilities		610,765	619,258
Net assets		**135,546**	**112,595**
Equity			
Share capital	20	1,555	1,555
Other reserves	20	183,936	162,561
Retained earnings		(56,372)	(57,974)
Equity attributable to Owners of the Parent		129,119	106,142
Non-controlling interest		6,427	6,453
Total equity		**135,546**	**112,595**

Consolidated Statement of Changes in Equity

All figures in €'000

	Share capital	Other reserves	Retained earnings	Total shareholders equity	Minority interests	Total equity
Balance at 31 December 2020	**1,555**	**142,026**	**(51,707)**	**91,874**	**5,354**	**97,228**
Profit / (loss) for the financial year	–	–	(6,267)	(6,267)	815	(5,452)
Other comprehensive income / (loss)	–	20,460	–	20,460	326	20,786
Total comprehensive income / (loss)	–	**20,460**	**(6,267)**	**14,193**	**1,141**	**15,334**
Transactions with owners:						
Employee share transactions	–	75	–	75	–	75
Non-controlling interest dividend	–	–	–	–	(42)	(42)
	–	**75**	–	**75**	**(42)**	**33**
Balance at 31 December 2021	**1,555**	**162,561**	**(57,974)**	**106,142**	**6,453**	**112,595**
Profit / (loss) for the financial year	–	–	1,602	1,602	1,737	3,339
Other comprehensive income / (loss)	–	21,471	–	21,471	(1,050)	20,421
Total comprehensive income / (loss)	–	21,471	1,602	23,073	687	23,760
Transactions with owners:						
Employee share transactions	–	(96)	–	(96)	–	(96)
Non-controlling interest dividend	–	–	–	–	(713)	(713)
	–	**(96)**	–	**(96)**	**(713)**	**(809)**
Balance at 31 December 2022	**1,555**	**183,936**	**(56,372)**	**129,119**	**6,427**	**135,546**

Consolidated Statements of Cash Flows

	Note	2022 €'000	2021 €'000
Cash flows from operating activites			
Operating profit for the year		37,268	23,793
Adjustments for non-cash items	14	24,620	20,675
Changes in working capital:			
Trade and other receivables	13	(12,945)	755
Trade and other payables		(1,170)	12,865
Inventory	12	(503)	(19,672)
Accrued liabilities and provisions	16	7,382	258
Deferred revenue		(18,973)	34,451
Movements in other current assets		(3,538)	227
Cash generated from operations		**32,141**	**73,351**
Tax paid		(8,661)	(7,581)
Net cash from operating activities		**23,480**	**65,793**
Cash flows used in investing activities			
Capital expenditure	10	(8,483)	(4,840)
Asset disposal proceeds		1,307	1,186
Acquisition of subsidiary (net of cash acquired)	4	(13,534)	–
Net cash used in investing activities		**(20,710)**	**(3,654)**
Cash flows used in financing activities			
Finance costs paid	15	(19,667)	(17,459)
Repayment of lease liabilities	11	(6,856)	(7,636)
Net proceeds/(payments) from share transactions	20	(96)	75
Dividend to non-controlling interest		(713)	(42)
Net cash used in financing activities		**(27,332)**	**(25,062)**
Net increase/(decrease) in cash and cash equivalents		**(24,562)**	**37,076**
Cash and cash equivalents at beginning of year		169,812	124,231
Effect of foreign currency exchange rates		1,729	8,505
Cash and cash equivalents at end of year	14	**146,979**	**169,812**

Notes to Consolidated Financial Statements

1. Summary of significant accounting policies

Norican Global was formed on 11 December 2014 by Altor Fund IV Holding AB. On 26 February 2015, Norican A/S, a wholly owned subsidiary of the Parent Company, acquired Norican Holdings ApS and its subsidiary companies through the purchase of the entire share capital of Norican Holdings ApS, also a Danish company, pursuant to an agreement dated 18 December 2014.

Basis of accounting

The Annual Report of Norican Global A/S ("Norican Global" or "Parent Company,") a Danish company, and its subsidiary companies (collectively, "Norican Group" or the "Group"), has been prepared in accordance with International Financial Reporting Standards ("IFRS"), as adopted by the EU, and additional Danish disclosure requirements applicable to reporting class C enterprises (large), including the statutory order on adoption of IFRS issued pursuant to the Danish Financial Statements Act.

The consolidated financial statements are presented in euros, as this is the major currency in which revenues and capital transactions are denominated.

Materiality in financial reporting

Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the decision making of the primary users of these financial statements.

The principal accounting policies adopted are set out below.

Effect of new accounting standards

Norican Group has adopted all new, amended or revised accounting standards and interpretations as published by the IASB and adopted by the EU effective for the accounting period beginning on 1 January 2022. Such implementation has not had a material impact on the Group's financial statements.

Effect of new accounting standards not yet in force

A number of new IFRS standards, amended standards and IFRIC interpretations, which are effective on or after 1 January 2023, have not been implemented. Based on a preliminary assessment it is estimated that these standards and interpretations will have no material impact on the consolidated financial statements.

Going concern

The Directors have, at the time of approving the financial statements, a reasonable expectation that the Group have adequate resources to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Parent Company, its wholly owned subsidiaries and its majority owned Indian subsidiary. The consolidated financial statements are prepared on the basis of financial statements of all Group enterprises prepared under the Group's accounting policies by combining accounting items of a uniform nature. All intercompany income and expenses, unrealised intercompany profits and losses, balances and shareholdings have been eliminated in consolidation.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by other members of the Group.

Business combinations

Newly acquired or newly established companies and activities are recognised in the consolidated financial statements from the date of acquisition or establishment. The date of acquisition is the date when control of the company or activity actually passes to the Group. Business combinations are accounted for using the acquisition method from the date of obtaining control, according to which the identifiable assets, liabilities and contingent liabilities of companies acquired are measured at fair value at the date of acquisition. Non-current assets held for sale are, however, measured at fair value less expected costs to sell.

The cost of a company or activity is the fair value of the consideration paid. If the final determination of the consideration is conditional on one or more future events these are recognised at their fair value as of the acquisition date. Any excess of the cost of an acquired company or activity over the fair value of the acquired assets, liabilities and contingent liabilities is recognised as goodwill and tested for impairment at least annually. Restructuring costs are only recognised in the take-over balance sheet if they represent a liability to the acquired company. The tax effect of revaluations is taken into account.

Costs that can be attributed directly to the transfer of ownership are recognised in the income statement when they are incurred. Adjustments to estimates of conditional consideration are generally recognised directly in the consolidated income statement.

If uncertainties regarding the measurement of acquired identifiable assets, liabilities, contingent liabilities or the consideration for the business combination exist at the acquisition date, initial recognition takes place on the basis of preliminary fair values. If identifiable assets, liabilities, contingent liabilities and the consideration for the business combination are subsequently determined to have had a materially different fair value at the acquisition date than first assumed, goodwill is adjusted up until 12 months after the acquisition date. The effect of material adjustments is recognised in the opening equity, and the comparative figures are restated accordingly. Goodwill is not adjusted subsequently except in the event of material errors.

Sold or liquidated entities are excluded from consolidation at the date of transfer of the control of the enterprise. The date of disposal is the date when control of the company actually passes to a third party. Gains or losses on disposal of entities are stated as the difference between the disposal amount and the carrying amount if net assets including goodwill at the date of disposal, accumulated foreign exchange adjustments recognised in other comprehensive income, and anticipated costs. The disposal amount is measured as the fair value of the consideration received.

Foreign currencies

A functional currency is determined for each Group entity. Items included in the financial statements of all Group undertakings are measured using that entity's function currency, which is the currency used in the primary financial environment in which the individual Group entity operates. The consolidated financial statements are presented in Euros, which is the parent company's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the rates of exchange prevailing at the dates of the transactions. In order to hedge its exposure to certain foreign exchange risks, the Group enters into forward contracts and/or currency swaps. Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges. Property, plant and equipment, intangible assets and other non-monetary assets that have been purchased in foreign currencies and measured at historical cost are translated at the transaction date.

On consolidation, the assets and liabilities of all Group's undertakings are translated into the presentation currency (euros) at the exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rates for the period.

Where loans are made between two subsidiaries with different functional currencies, currency translation differences arise in one or both subsidiaries. In accordance with IAS 21, currency translation differences for intercompany loans that are not considered part of the investment in subsidiaries are recognised in the consolidated statement of comprehensive income.

Revenue recognition

The Group provides equipment, parts, technology and services to customers by manufacturing equipment and parts and providing technology and services which enable our customers to mold, melt, cast, clean, strengthen or polish their metallic parts.

Revenue is recognised net of VAT and taxes collected on behalf of third parties, and net of discounts.

Revenue from product sales is generally recognised at a point in time, which is typically upon delivery of the products, provided there are no significant uncertainties regarding customer acceptance, persuasive evidence of an arrangement exists, the sales price is fixed and determinable, and it is probable that the sale is collectible. For arrangements that include multiple performance obligations, the Group allocates revenue to each performance obligation based on estimates of the price that would be charged to the customer for each promised product or service if it were sold on a standalone basis.

Service revenues are recognised in the period in which the services are performed.

Allowances for returns, discounts and uncollectable accounts are recorded when circumstances indicate there is a risk an account is uncollectable. Amounts billed to customers for shipping and handling are included in net sales and are recorded upon delivery of goods to customers. Costs of providing these services are included in cost of sales. Capital equipment sales generally require the customer to make advance cash payments as work progresses. Revenue associated with advance payments is generally recognised when the significant risk and rewards of ownership have passed to the customer, typically at delivery.

The Group does not have any material contracts where the period between the transfer of the promised products to the customer and payment by the customer exceeds one year. As a result, the Group does not adjust any of the transaction prices for the time value of money.

Cost of sales

Cost of sales are recognised as the associated revenue is recognised. Cost of sales include manufacturing costs, movements in provisions for inventories, inventory write-offs and impairment charges in relation to manufacturing assets.

Selling, general & administrative expenses

Selling, general & administrative expenses are recognised as incurred, and include staff costs, commission payments to external sales agents, doubtful debt allowance, other sales and marketing costs, and expenses for management and administration of the Group.

Finance income and costs

Interest receivable and payable on bank deposits and borrowings is credited or charged to finance income and finance costs as it falls due.

Debt issuance costs are included in the value of debt and are amortised using a method that approximates the effective interest rate method over the term of the underlying credit facility or note. The amortisation of these costs is charged to finance costs.

Costs incurred in respect of exploratory refinancing activity that does not result in new debt being issued to the Group are expensed as incurred, and included in finance costs.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are included in finance income and finance costs, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

Government grants

Government grants are recognised in the consolidated income statement so as to match with the related expenses that they are intended to compensate. Where grants are received in advance of the related expenses, they are initially recognised in the consolidated statement of financial position under 'trade and other payables' as deferred income and released to net off against the related expenditure when incurred.

Non-underlying items

The Group has chosen to present the consolidated income statement incorporating the disclosure of underlying and non-underlying items separately. Non-underlying items have been defined as relating to costs which are not incurred in the normal course of business or, due to their size, nature and irregularity are not included in the assessment of financial performance in order to reflect management's view of the core trading performance of the Group.

Income taxes

Income taxes for the year comprise current and deferred tax, using rates enacted or substantively enacted at the balance sheet date.

Current tax is the expected tax payable on the taxable income for the year, any adjustments to tax payable in respect of previous years, and the change in deferred tax.

Tax for the year is recognised in the income statement as regards the amount that can be attributed to the net profit or loss for the year, in other comprehensive income as regards the amount that can be attributed to items in other comprehensive income, and in equity as regards the amount that can be attributed to items in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the reporting period in the countries where the Group operates and generates taxable income.

Current tax payables and receivables are recognised in the balance sheet, computed as tax calculated on the taxable income for the year adjusted for provisional tax paid.

Deferred tax is recognised on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax basis. A valuation allowance is provided against deferred tax assets if realisation is not assured on a probable basis. The tax value of the assets is calculated based on the planned use of the individual assets.

Deferred tax is measured on the basis of the income tax rates and tax rules in force in the respective countries at the balance sheet date. Changes in deferred tax resulting from changed income tax rates or tax rules are recognised in profit or loss. Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised in the balance sheet at the value at which the assets are expected to be realised, either through an offset against deferred tax liabilities or as net tax assets to be offset against future positive taxable income.

The Group's tax provision or benefit includes a provision for taxes currently payable or receivable plus the change in deferred taxes for the period. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its tax assets and liabilities on a net tax basis.

Goodwill and other intangible assets

Goodwill represents the excess of the cost of an acquisition over the fair value of identifiable net assets acquired in a business combination. Goodwill is initially recognised as an asset and is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortised but tested for impairment annually, or on such other occasions that events or changes in circumstances indicate that it might be impaired. The carrying amount of goodwill is allocated to the Group's cash-generating units at the date of acquisition. Cash-generating units are determined based on the nature and materiality of the underlying business in the context of Norican's other businesses.

On disposal of a subsidiary, the amount attributable to unamortised goodwill that has not been subject to impairment is included in the determination of the gain or loss on disposal and recognised in the consolidated income statement.

Other intangible assets comprise of trademarks, capitalised development costs, customer relationships and patents. Costs for acquired assets represent the purchase price at acquisition. Intangible assets other than goodwill are valued at cost less accumulated amortisation and any impairment losses.

- Trademarks have been assigned an indefinite useful life. Trademarks are not amortised but tested for impairment at least annually.
- Where expenditures relate to the development of research findings, or other knowledge, for the production of new or substantially improved materials, devices, products, processes, systems or services before the start of commercial production or use, they are generally capitalised. Capitalised development costs are projects or assets that are clearly defined and identifiable, where the technical feasibility, adequate resources and a potential future market or application in the Group can be demonstrated and where the intention is to produce, promote or use the project/asset. Development costs are amortised on a straight-line basis over a period not exceeding six years. Other development costs are recognised as costs in the income statement as incurred. Costs related to a specific customer and research and development expenditures not yet in the application phase are expensed as incurred.
- Customer relationships and patents are capitalised to the fair value of the customer base and patents in acquired companies and amortised on a straight-line basis over a 10- to 20-year useful life.

Property, plant and equipment

Property, plant and equipment are stated at cost if purchased, or fair value as of the acquisition date if obtained in an acquisition, less accumulated depreciation and any impairment loss. Depreciation on property and equipment is calculated on the straight-line method. The estimated useful lives of the assets are: Buildings and improvements: 20-50 years; Equipment and other assets: 3-10 years.

Additional costs, which extend the useful life of the property, plant and equipment, are capitalised and depreciated over the revised remaining useful life of the asset. Maintenance and repair costs are charged to expense as incurred. Upon the sale or retirement of an asset, the related cost and accumulated depreciation are removed from the accounts, and any gain or loss is recognised. Residual value is determined at the time of acquisition using estimates of the asset value when fully depreciated

All items of property, plant and equipment are tested for impairment when there are indications that the carrying value may not be recoverable. Any impairment losses are recognised immediately in operating profit.

Impairment of non-current assets

Non-current assets are tested for impairment in accordance with IAS 36 and are reviewed annually to determine whether events or changes in conditions indicate that the carrying amount of the asset may not be recoverable. If any such indication exists, the Group estimates the asset's recoverable amount as the higher of the asset's fair value, less selling costs and value-in-use, which is the present value of the cash flows expected from the asset's use and eventual disposal. If necessary, an impairment loss is recorded in the statement of operations to the extent that the carrying amount of the asset exceeds its recoverable amount.

Leasing

The Group implemented IFRS 16 effective 1 January 2019. IFRS 16 requires that all leases are reflected in the balance sheet of a lessee as a right-of-use asset and lease liability. The Group has applied the lease recognition exemptions for short-term lease contracts and low-value assets. Short-term leases are leases with a lease term of 12 months or less. Low-value leases are those where the underlying asset value, when new, is €10,000 or less and includes IT equipment and small items of office furniture.

Right-of-use assets are measured at cost, which is calculated as the total value of the lease liability comprising the following: (i) the amount of the initial measurement of lease liability; (ii) any lease payments made at or before the commencement date less any lease incentives received; (iii) any initial direct costs and, if applicable, and (iv) restoration costs.

Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the useful life of the asset. Payments associated with short-term leases and leases of low-value assets are recognised as an expense in the consolidated income statement as they are incurred.

Lease liabilities are measured at the total value of the following: (i) fixed lease payments, (ii) variable lease payments that are based on an index or a rate and, if applicable, (iii) amounts expected to be payable by the lessee under residual value guarantees, and (iv) the exercise price of a purchase option if it is reasonably expected to be exercised. Lease liabilities do not include any non-lease components that may be included in the related contracts.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options are only included in the lease term if the lease is reasonably certain to be extended past the initial termination date.

Cash and cash equivalents

The Group considers all highly liquid instruments purchased with an initial maturity of three months or less to be cash equivalents. The carrying values of the Group's cash equivalents approximate their fair values.

Trade receivables

Trade receivables are initially recognised and measured at fair value and subsequently measured at amortised cost, less allowance for lifetime expected credit losses.

The Group applies the simplified approach to measure expected credit losses. Loss allowances for trade receivables are recognised at an amount equal to lifetime expected credit losses. Loss rates are determined based on grouping of trade receivables sharing the same credit risk characteristics and days past due.

Receivable balances are written off only when there is no prospect of any further collections, with the charge recognised in 'selling, general & administrative expenses'.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and the attributable portion of overhead costs based on normal operating capacity that have been incurred in bringing the inventories to their present location and condition. Cost is determined using the first-in, first-out ("FIFO") method, or a method that approximates the use of the FIFO method. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. Adjustment is made if necessary for any slow-moving, obsolete or defective inventory and recognised in cost of sales.

Financial instruments

Financial assets are classified according to their cash flow characteristics and the business model in which they are managed. The Group has categorised its financial assets to financial assets measured at amortised cost, or at fair value through other comprehensive income.

Borrowings

Borrowings are recognised at the time of debt being issued, including any utilisation of the revolving secured credit facility, at the fair value of the proceeds received less transaction costs paid. Debt issuance costs are included in the value of debt and are amortised using a method that approximates the effective interest rate method over the term of the underlying credit facility or note.

Retirement benefit plans

For defined benefit retirement plans, the cost of providing benefits is determined using the projected unit credit method, with valuations carried out at each balance sheet date in accordance with IAS 19, 'Employee Benefits'. The present value of the Group's liabilities relating to future pension payment under defined benefit plans is measured on an actuarial basis once a year on the basis of the pensionable period of employment up to the time of the actuarial valuation. The calculation of present value is based on assumptions of future developments of salary, interest, inflation, mortality and disability rates and other factors. Actuarial gains and losses are recognised immediately in other comprehensive income as they are incurred and cannot subsequently be recycled through profit or loss.

The pension liability recognised in the balance sheet represents the present value of defined benefit obligations and is reduced by the fair value of plan assets and any net obligation is recognised in the balance sheet under non-current liabilities.

Pension expenses and administration fees are recognised in the income statement under 'selling, general and administrative costs', and pension finance costs are recognised in the income statement under 'finance costs'.

Payments to defined contribution plans are recognised in the income statement under 'selling, general and administrative costs' at the due date, and any contributions payable are recognised in the balance sheet under 'non-current liabilities'.

If benefit plan membership or benefits are significantly reduced by a restructuring, or an event or transaction that results in the Group's benefit obligations being settled, the effects are recorded in the statement of operations when the restructuring or settlement occurs.

Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event (occurring on or before the reporting date) that it is probable will result in an outflow of economic benefits that can be reasonably estimated.

The Group warrants its products against certain manufacturing and other defects. These product warranties are generally provided for a period of one year but may vary depending on the nature of the product, the geographic location of its sale and other factors. The accrued product warranty costs are based on historical experience of actual warranty claims as well as current information on repair costs. Where some or all of the expenditure required to settle a claim is expected to be reimbursed by another party, the reimbursement is recognised only when reimbursement is virtually certain. The amount to be reimbursed is recognised as a separate asset.

Equity

Other reserves within equity are comprised of:

- Share premium account, which comprises amounts in excess of the nominal share capital paid up by shareholders in connection with capital increases, plus an amount related to buy back of shares in India from a minority interest holding in 2016.
- Revaluation reserves, which comprise value adjustment of assets from cost to an estimated permanently higher fair value. Revaluation reserves are transferred to retained earnings when the revalued asset is realised.
- Translation reserve, which comprises exchange adjustments arising on the translation of the financial statements of foreign enterprises from their functional currencies into the presentation currency of the Group (EUR). Upon full or partly realisation of the net investment in the foreign enterprises, exchange adjustments are recognised in the income statement.
- Hedging reserve, which comprises changes to fair values of derivative financial instruments that are designated and qualify as cash flow hedges of future transactions. On realisation, the hedging instrument is recognised in the income statement in the same line item as the hedged transaction.
- Pension reserve, which comprises the actuarial remeasurements of a net liability or asset recognised in accordance with IAS 19.

Non-controlling interests

The interest of non-controlling shareholders is stated at the non-controlling shareholders' proportion of the respective entity's identifiable assets, liabilities and contingent liabilities.

On initial recognition, non-controlling interests are measured either at fair value (including the fair value of goodwill related to non-controlling interests in the acquiree) or as non-controlling interests' proportionate share of the acquiree's identifiable assets, liabilities and contingent liabilities measured at fair value (excluding the fair value of goodwill related to non-controlling interests' share of the acquiree). The measurement basis for non-controlling interests is selected for each individual transaction.

Cash flow statement

The consolidated cash flow statement is presented under the indirect method based on the operating profit for the year. The statement shows cash flows for the year, changes for the year in cash and cash equivalents, as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are calculated as the net profit / loss for the year adjusted for non-cash operating items, changes in working capital, and corporation tax paid.

Cash flows from investing activities comprise acquisitions and disposals of property, plant and equipment and fixed asset investments. Cost is measured inclusive of expenses necessary to make the acquisition and sales prices after deduction of transaction expenses.

Cash flows from financing activities comprise changes to the amount or composition of the Group's share capital, payment of dividend, financial income and financial expenses as well as borrowing and repayment of interest-bearing debt.

Cash and cash equivalents include securities with a maturity of less than 3 months.

Significant Accounting Judgements and Estimates

Use of judgements and estimates

Management of the Group has made a number of estimates and judgements related to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities in the preparation of these consolidated financial statements in conformity with IFRS. Actual results could differ from those estimates.

Post-employment benefits

The estimates used to measure the expense and liabilities related to the Group's defined benefit pension plans are reviewed annually by external actuaries. The measurement of the expense for a period and of the benefit obligation at the period end requires judgement with respect to the following matters, among others: probable long-term rate of increase in pensionable pay; probable average future service lives of employees; probable life expectancy of employees; mix of investments in funded pension plans in the period; expected future rate of return on the investments in the funded pension plans, and how that rate will compare with the market rates of return observed in past economic cycles. Estimates used to value the benefit obligation at 31 December are updated based on actual experience when appropriate. Variances are caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices that affected the actual return on assets. These factors are outside the Group's direct control, and it is reasonably possible that future variances could exceed past variances. See note 17.

Deferred tax assets

Tax losses are recognised as deferred tax assets when it becomes probable that they will be utilised in the future. The ultimate realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilised. In making this assessment, the Group considers the scheduled reversal of deferred tax liabilities and projected future taxable income.

Based upon the level of historical taxable income and projections for future taxable income over the periods in which the deferred tax assets are deductible, as of 31 December 2022, the Group believes that it is more likely than not that the Group will realise the benefits of these deductible differences. The amount of the deferred tax asset considered realisable could be reduced in subsequent years if estimates of future taxable income during the carry forward period are reduced, or rulings by the tax authorities are unfavourable. Estimates are therefore subject to change due to both market and government related uncertainties, as well as the Group's own future decisions. See note 7.

Tax positions

The Group's policy is to comply fully with applicable tax regulations in all jurisdictions in which the Group's operations are subject to income taxes.

The Group's estimates of current income tax expense and liabilities are calculated on the assumption that all tax computations filed by the Group's subsidiaries will be subject to review or audit by the relevant tax authorities. Current income tax liabilities include the Group's best estimate of the tax that will ultimately be payable when the review or audits have been completed. Actual outcomes and settlements may differ from the estimates recorded in these consolidated financial statements. This may affect income tax expense, net income, and effective tax rates in future years' consolidated statement of operations. See note 7.

Goodwill impairment test

The assessment of whether goodwill is impaired requires a determination of the value-in-use of the cash-generating units to which the goodwill amounts have been allocated. The determination of the value in use requires estimates of the expected future cash flows of each cash-generating unit using a reasonable discount rate.

The impairment test of goodwill and the associated particularly sensitive factors and sensitivity analyses are described in note 8 to the consolidated financial statements.

Purchase price allocation in business combinations

In connection with the allocation of the purchase price in business combinations, calculations are made of fair value of acquired assets and liabilities. As this determination is based on expected future cash flows related to the assets and liabilities acquired, the realisation of such cash flows as anticipated is subject to an inherent uncertainty.

2. Revenue and segment information

Revenue by line of business	2022 €'000	2021 €'000
Equipment	264,367	182,129
Aftermarket	254,197	211,504
Total revenue	**518,564**	**393,633**

Equipment revenues are predominantly related to the Group's core lines of business, but also include sales of capital equipment items from other businesses within the Group, which together with aftermarket, represent the Group's single operating segment.

Aftermarket revenues comprise sales of spare parts and fees for servicing equipment.

Revenue by destination	2022 €'000	2021 €'000
Europe	174,179	139,313
Asia Pacific	148,843	121,742
North America	143,822	94,890
India, Middle East, Africa	43,344	26,713
Rest of the world	8,376	10,975
Total revenue	**518,564**	**393,633**

Non current assets by region	2022 €'000	2021 €'000
Europe	352,909	348,795
Asia Pacific	7,814	7,966
North America	14,982	11,362
India, Middle East, Africa	6,570	4,578
Total non-current assets	**382,275**	**372,701**

3. Operating expenses

Expense items included in Operating profit are broken down by nature as follows:

	2022 €'000	2021 €'000
Raw materials and consumables	257,811	179,260
Staff costs (see note 4)	121,519	111,750
Research and development costs (excl. staff costs)	1,051	491
Government grants	(612)	(953)
Other expenses	81,577	59,641
Depreciation of property, plant and equipment	4,344	4,612
Depreciation of right of use assets	5,639	6,111
Amortisation	9,967	8,928
Total cost of sales and operating expenses	**481,296**	**369,840**

During 2022, Government grants of €612k (2021: €953k) were received in respect of furlough and other short-time working support schemes related to the COVID19 pandemic.

	2022 €'000	2021 €'000
Fees payable for the audit of the parent company and consolidated financial statements	105	98
Fees payable for the audit of subsidiaries	551	527
Total audit fees	**656**	**625**
Fees for non-audit services	240	23
Total fees	**896**	**648**

Fees for non-audit services mainly relate to other assurance services outside the scope of the audit.

4. Employees

	2022 €'000	2021 €'000
Short-term benefits	117,223	107,492
Pension costs - defined benefit	874	1,242
Pension costs - defined contribution	3,422	3,016
Total employee cost	**121,519**	**111,750**
Average number of employees	**1,894**	**1,906**

5. Non-underlying items

To improve the understanding of the Group's financial performance the following items, which do not reflect the underlying performance, are classified as non-underlying items:

	2022 €'000	2021 €'000
Restructuring costs	3,873	1,915
Write-down of historic inventory balances	–	3,330
External consulting	3,824	–
Integration costs	1,914	–
Other	632	333
Non-underlying items at operating profit	**10,243**	**5,578**

Restructuring costs

The Group recorded a charge to restructuring provision of €3,873k in 2022 primarily related to the consolidation of manufacturing operations and supply chain activity in Europe, and is mainly comprised of accrued severance costs.

The Group recorded a restructuring provision during 2021 in the amount of €1,915k which also primarily related to the consolidation of manufacturing operations within Europe.

Write-down of historic inventory balances

In September 2021, the US Castalloy site at Waukesha switched over to a new ERP system. During the migration of data from the old system, issues with the way historical work orders had been processed were identified. Subsequent investigation into the initial issue led to additional issues being discovered.

These issues were found to be long-standing, dating back to at least 2015.

In total, €3,529k of inventory was found to be over-stated in the accounts of US Castalloy and this has been written down in 2021. €199k relates to processing that occurred in 2021, which have been treated as underlying cost in the consolidated income statement; due to the long-standing nature of the root-causes of the remaining differences, dating back to at least 2015, the associated write-down has been treated as a non-underlying item in the financial statements as it is a one-off charge, not reflective of the underlying performance of the business.

External Consulting

External consulting costs relate to fees paid to external consultants for work on transformational projects in both North America and Europe.

Integration costs

Integration costs relate to the acquisition of Simpson Technologies and are primarily comprised of retention bonuses and costs to run the integration office.

6. Acquisition of subsidiaries

On 30 September 2022, Norican Group completed the acquisition of Simpson Technologies Corporation and related group companies for €14.0m in an all-cash transaction.

Simpson are the leading experts in sand mixing, cooling, handling, reclamation and analysis, and become Norican's fifth big technology brand.

The transaction is based on an enterprise value of €14.0m. €7.9m was paid to acquire 100% of the share capital of Simpson, and €6.1m was paid to repay outstanding debt.

The purchase price allocation and final consideration are considered provisional due to an ongoing process to identify and determine fair value of inventory acquired. The total consideration of €14.0m includes a sum that has been placed in escrow pending the outcome of the assessment of inventory. Norican's initial assessment of the fair value of inventory is included in the table below; if this valuation is finalised it would result in a repayment to Norican of funds in escrow and therefore a lower final consideration value, and consequent reduction in goodwill. There is no contingent valuation that would lead to total consideration being higher than €14.0m.

The acquisition price exceeds the fair value of the acquired assets and liabilities, the difference being the expected value of synergies and future growth opportunities, which are recognised as goodwill.

Norican has incurred transaction costs relating to the acquisition of €296k for financial and legal advisors in connection with the transaction. These costs have been recognised as non-underlying costs in the consolidated income statement.

The acquisition has been included in the consolidated financial statements of Norican Group as of the date of acquisition. The table below provides a summary of the purchase price for the acquisition and the allocation of the fair value of acquired assets and assumed liabilities on the acquisition date:

	€'000
Intangible assets	2,368
Property, plant and equipment	1,690
Inventory	4,617
Trade and other receivables	2,861
Prepayments and other receivables	309
Other current assets	260
Debt, including lease liabilities	(597)
Trade and other payables	(2,946)
Other current liabilities	(3,710)
Pension liability	(265)
Acquired net assets	**4,587**
Goodwill	8,944
Estimated fair value of the business	**13,531**
Acquired cash and cash equivalents	486
Total acquisition price	**14,017**
Cash consideration for 100% of shareholding	7,884
Cash settlement of outstanding debt	6,133
Total consideration	**14,017**
Number of employees	62

The receivables acquired include trade receivables with a fair value of €2,832k, corresponding to a gross amount of €2,887k receivable according to contract and a provision for doubtful debt of €55k.

A pro forma condensed consolidated income statement for the period 1 January 2022 to 31 December 2022 is as follows:

	€'000
Revenues	533,886
Underlying gross margin	160,272
Underlying operating expenses	103,517
Amortisation	9,967
Underlying EBITDA	66,958
Non-underlying items	10,273
Operating profit	**36,515**

Summary income statement of acquired entities since acquisition date:

	€'000
Revenues	6,822
Underlying gross margin	1,776
Underlying operating expenses	1,516
Amortisation	–
Underlying EBITDA	387
Non-underlying items	1,876
Operating profit	**(1,616)**

7. Income Tax

The composition of income tax expense is as follows for the year ended 31 December:

	2022 €'000	2021 €'000
Current tax expense	12,757	8,421
Deferred tax expense		
Origination and reversal of temporary differences	(3,524)	2,370
Total income tax expense	**9,233**	**10,791**

Reconciliation of total tax

Income tax expense attributable to income before income taxes differed from the amounts computed by applying the Danish income tax rate of 22% for the year ended 31 December, are due to the following:

	2022 €'000	2021 €'000
Income tax benefit / (expense) calculated at 22%	(2,766)	(1,174)
Effect of non-taxable income	821	231
Effect of non-deductible expenses	(8,006)	(3,491)
Effect of foreign exchange rates	(383)	(36)
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(416)	(427)
Effect of previously unrecognised and unused tax losses and tax offsets now recognised as deferred tax assets	171	(102)
Effect of different tax rates of subsidiaries operating in other jurisdictions, and other rate effects	938	946
	(9,641)	(4,053)
Adjustments recognised in the current year in relation to the current tax of prior years	408	(6,738)
Total income tax expense	**(9,233)**	**(10,791)**
Deferred tax expense recognised directly in other comprehensive income	(3,565)	(2,292)
Deferred tax expense recognised directly in equity	–	–

Current tax

	2022 €'000	2021 €'000
Corporate tax payable (net) at 1 January	3,561	2,700
Current tax for the year	12,757	8,421
Corporate tax paid during the year	(8,735)	(7,581)
Transfer to deferred tax	(1,256)	–
Exchange adjustments	74	21
Balance at 31 December	**6,401**	**3,561**

Analysed in the consolidated statement of financial position, after offset of balances within countries, as:

	2022 €'000	2021 €'000
Current tax receivable	(11,495)	(8,911)
Current tax payable	17,896	12,472
Balance at 31 December	**6,401**	**3,561**

Beginning in 2017, the Danish companies of the Group are participating in a Danish joint taxation arrangement in which Nortre Administration ApS, a related party, serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Danish companies of the group are therefore liable for income taxes for the jointly taxed companies and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed companies. As a result of the joint taxation arrangement, the tax deductibility of interest incurred by Danish subsidiaries of the Group was reduced by €441k for the year ended 31 December 2022 and €472k for the year ended 31 December 2021.

Deferred tax

	2022 €'000	2021 €'000
Deferred tax at 1 January	(9,222)	(5,294)
Change in deferred tax for the year	3,524	(2,370)
Deferred tax, no income statement effect for the year	(3,565)	(2,292)
Transfer from current tax	(1,256)	–
Exchange adjustments	(139)	734
Deferred tax at 31 December	**(10,658)**	**(9,222)**

Deferred taxes consist of the following at 31 December:

	2022 €'000	2021 €'000
Net operating and other deferred loss carryovers	1,761	3,262
Current assets and liabilities, net	6,062	4,392
Property, plant and equipment	707	354
Pension	145	4,511
Identifiable intangible assets	(21,376)	(22,773)
Other	2,043	1,032
Deferred tax liability	**(10,658)**	**(9,222)**

Analysed in the consolidated statement of financial position, after offset of balances within countries, as:

	2022 €'000	2021 €'000
Deferred tax assets	9,247	12,674
Deferred tax liabilities	(19,905)	(21,896)
Net deferred tax balance	**(10,658)**	**(9,222)**

There were unrecognised deferred tax assets of €nil in 2022 (2021: €nil)

Danish, United Kingdom, Italian and Canadian loss carryovers do not expire.

8. Goodwill

	Total €'000
Cost:	
Balance at 31 December 2020	242,957
Currency translation	978
Balance at 31 December 2021	243,935
Currency translation	349
Additions through acquisition	8,952
Balance at 31 December 2022	253,236
Impairment	
Balance at 31 December 2020	(47,290)
Impairment	–
Balance at 31 December 2021	(47,290)
Impairment	–
Balance at 31 December 2022	(47,290)
Carrying amount at 31 December 2021	196,645
Carrying amount at 31 December 2022	**205,946**

The carrying value of goodwill arises from the acquisition of the legacy Norican business in 2014, the acquisition of the Aluminium business purchased in 2017, and the acquisition of Simpson in 2022.

Following the acquisition of Simpson, the Group consists of five cash-generating units. However, management monitors goodwill at the level of the business areas Legacy Norican, Aluminium, and Simpson. At 31 December 2022, the carrying value of goodwill in each of these areas was: Legacy Norican €172,580k (2021 €172,264k), Aluminium €24,414k (2021 €24,381k), Simpson €8,952k (2021: nil).

Goodwill is tested for impairment at least annually at the level of these business areas. Value-in-use calculations are utilised to calculate the recoverable amounts. Value-in-use is calculated as the net present value of the projected, risk-adjusted, pre-tax cash flows of the CGU in which the goodwill is contained.

The discount rate applied comprises the Group's post-tax weighted average cost of capital adjusted to reflect the impact of the time value of money, tax effects and risks associated with the CGUs. The discount rate was 12.6% for the year ended 31 December 2022 and 9.5% for year ended December 2021. The increase in discount rate reflects the change in the Group's cost of borrowing following refinancing.

The discounted value of future net cash flows are compared with the carrying amounts of goodwill and other net assets in each cash-generating unit. Future cash flows are based on the Group's strategic plan incorporating three years from 2023 to 2025 which was approved by the Board and takes into account both past performance and expectations for future market development. Cash flows for 2026 & 2027 were extrapolated using an annual growth rate of approximately 5% (2021 5%), and a terminal growth rate was applied of 1.3% (2021: 1.3%); these growth rates were selected by taking prudent account of the Group's estimate of the long-term average growth rate, selling prices and profitability for the sectors and key markets in which the CGU's operate.

The conclusion of the analysis resulted in no impairment to goodwill during the year ended 31 December 2022 and year ended 31 December 2021.

The assumptions applied by Management are inherently subject to uncertainty and unpredictability. Reasonably probable changes will not lead to recognition of impairment losses, and therefore no sensitivity analysis has been disclosed.

9. Other intangible assets

	Customer relationships €'000	Patents €'000	Trademarks €'000	Development costs €'000	Total €'000
Cost:					
Balance at 31 December 2020	85,337	22,100	53,634	44,491	205,562
Additions	–	–	–	1,235	1,235
Currency translation	432	154	276	8	870
Balance at 31 December 2021	85,769	22,254	53,910	45,734	207,667
Additions through acquisition	–	11	–	9,938	9,949
Additions	–	–	–	3,143	3,143
Currency translation	347	106	222	(714)	(39)
Balance at 31 December 2022	86,116	22,371	54,132	58,101	220,720
Accumulated depreciation:					
Balance at 31 December 2020	(31,376)	(10,543)	(6,560)	(27,637)	(76,116)
Amortisation expense	(3,305)	(1,757)	–	(3,866)	(8,928)
Currency translation	(432)	(155)	–	(5)	(592)
Balance at 31 December 2021	(35,113)	(12,455)	(6,560)	(31,508)	(85,636)
Additions through acquisition	–	–	–	(7,618)	(7,621)
Amortisation expense	(3,305)	(1,760)	–	(4,902)	(9,967)
Other	–	–	–	(148)	(148)
Currency translation	(347)	(112)	–	559	101
Balance at 31 December 2022	(38,765)	(14,327)	(6,560)	(43,617)	(103,269)
Carrying amount at 31 December 2021	50,656	9,799	47,350	14,226	122,031
Carrying amount at 31 December 2022	**47,351**	**8,044**	**47,572**	**14,484**	**117,451**

At 31 December 2022, the carrying value of trademarks in each business area was: Legacy Norican €33,032k (2021 €32,810k), Aluminium €14,540k (2021 €14,540k), Simpson nil (2021: nil).

10. Property, plant and equipment

	Land, buildings and improvements €'000	Equipment and other €'000	Leased assets €'000	Total €'000
Cost:				
Balance at 31 December 2020	35,128	80,922	30,670	146,720
Additions	683	2,923	3,845	7,451
Disposals	(119)	(5,458)	(4,280)	(9,857)
Transfer	(16)	16	–	–
Adjustment	46	(46)	–	–
Currency translation	2,412	1,958	645	5,015
Balance at 31 December 2021	38,150	80,299	30,880	149,329
Additions through acquisition	1,205	6,015	591	7,811
Additions	120	5,350	11,982	17,452
Disposals	(388)	(21,140)	(3,362)	(24,890)
Transfer	2,567	(2,567)	–	–
Currency translation	566	(51)	(192)	323
Balance at 31 December 2022	42,220	67,906	39,899	150,025
Accumulated depreciation:				
Balance at 31 December 2020	(20,312)	(68,992)	(15,123)	(104,427)
Depreciation expense	(1,038)	(3,574)	(6,111)	(10,723)
Disposals	89	4,630	3,602	8,321
Impairment	–	378	(515)	(137)
Currency translation	(1,352)	(1,566)	(307)	(3,225)
Balance at 31 December 2021	(22,613)	(69,124)	(18,454)	(110,191)
Additions through acquisition	(980)	(5,156)	–	(6,136)
Depreciation expense	(1,167)	(3,177)	(5,639)	(9,983)
Disposals	77	2,873	4,236	7,186
Impairment	–	17,290	(240)	17,050
Currency translation	(558)	34	67	(457)
Balance at 31 December 2022	(25,241)	(57,260)	(20,030)	(102,531)
Carrying amount at 31 December 2021	15,537	11,175	12,426	39,138
Carrying amount at 31 December 2022	**16,979**	**10,646**	**19,869**	**47,494**

11. Leases

Right of use assets

The following amounts relate to leased assets included in property, plant and equipment in note 10:

	Leased buildings €'000	Leased vehicles €'000	Other €'000	Total €'000
Cost:				
Balance at 31 December 2020	25,231	4,870	569	30,670
Additions	2,846	930	69	3,845
Disposals	(2,848)	(1,310)	(122)	(4,280)
Currency translation	524	114	7	645
Balance at 31 December 2021	25,753	4,604	523	30,880
Additions through acquisition	591	–	–	591
Additions	10,723	987	272	11,982
Disposals	(2,167)	(909)	(287)	(3,362)
Currency translation	(205)	12	2	(192)
Balance at 31 December 2022	34,695	4,694	510	39,899
Accumulated depreciation:				
Balance at 31 December 2020	(12,319)	(2,514)	(290)	(15,123)
Depreciation expense	(4,552)	(1,420)	(139)	(6,111)
Disposals	2,255	1,245	102	3,602
Impairment	(515)	–	–	(515)
Currency translation	(236)	(66)	(5)	(307)
Balance at 31 December 2021	(15,367)	(2,755)	(332)	(18,454)
Depreciation expense	(4,254)	(1,252)	(133)	(5,639)
Disposals	2,971	990	275	4,236
Impairment	(178)	(62)	–	(240)
Currency translation	87	(16)	(3)	67
Balance at 31 December 2022	(16,741)	(3,095)	(194)	(20,030)
Carrying amount at 31 December 2021	10,386	1,849	191	12,426
Carrying amount at 31 December 2022	**17,954**	**1,599**	**316**	**19,869**

Lease liabilities

The following amounts relate to lease liabilities:

	2022 €'000	2021 €'000
Balance at beginning of period	14,228	18,301
New leases	11,982	3,834
Repayments	(5,392)	(8,275)
Foreign exchange adjustment	(136)	368
Balance at end of period	**20,682**	**14,228**

Scheduled lease commitment payments are as follows at 31 December:

	2022 €'000	2021 €'000
Within one year	6,018	6,425
Between two and five years	9,729	7,803
After five years	4,935	–
Total	**20,682**	**14,228**

12. Inventories

Inventories, net of provisions, consist of the following at 31 December:

	2022 €'000	2021 €'000
Raw material	12,370	11,347
Work-in-process	42,668	39,926
Finished goods	45,397	42,987
Total	**100,435**	**94,260**

Cost of goods sold represents the Group's cost of inventory and related production costs.

13. Trade and other receivables

	2022 €'000	2021 €'000
Trade receivables	87,413	73,332
Other receivables	1,978	606
Loss allowance	(6,142)	(6,305)
Balance at end of period	**83,249**	**67,633**

The ageing of trade receivables measured from invoice date, is as follows:

	2022 €'000	2021 €'000
0 – 30 days	24,280	25,698
30 to 90 days	29,524	19,892
Over 90 days	33,609	27,742
Balance at end of period	**87,413**	**73,332**

The ageing of trade receivables measured from due date, is as follows:

	2022 €'000
0 – 30 days	65,853
30 to 90 days	10,614
Over 90 days	10,946
Balance at end of period	**87,413**

The age profile of trade receivables is a result of how the contractual payment profile is structured in many equipment sales, in line with industry practice, where a minor final payment is not due until after final customer acceptance and commissioning. Typically, this occurs a number of months after initial installation. These payments are not overdue, the timing is in line with contractual terms.

The Group's contracts for delivery of equipment include milestone payments. At time of delivery, the Group has normally received prepayments of up to 40% of the total consideration, which naturally reduces the credit risk on the remaining amount outstanding. All customers, whether for new equipment or aftermarket business, are evaluated individually, normally by assessing the customer's credit rating provided by external credit rating agencies; if there are any doubts about the customer's solvency it is the Group's policy to obtain payment security, prior to entering into a binding sales agreement. In addition, the Group has historically not incurred any material losses from trade receivables. The existence of pandemics is not expected to have any significant impact on the Group's expected credit losses.

Loss allowance for trade receivables is measured at an amount equal to lifetime expected credit losses, which are based on quantitative and qualitative information and analysis, based on the Group's historical experience, an informed credit assessment and forward-looking information.

The Group has no significant concentrations of credit risk, with exposure spread over a large number of counterparties and customers.

The movement in loss allowance for doubtful accounts is as follows:

	2022 €'000	2021 €'000
Balance at beginning of period	6,305	5,331
Changes in provisions during the year	(161)	694
Currency translation	(2)	280
Balance at end of period	**6,142**	**6,305**

14. Cash and cash equivalents

Cash includes cash on hand and in banks and investments in money market instruments totalling €146,979k and €169,812k at 31 December 2022 and 2021, respectively. The Group maintains cash deposits related to certain of its performance obligations for the manufacturing, delivery and installation of capital equipment sales. At 31 December 2022 and 2021, the amount of €944k and €801k were posted as cash bonds, respectively, and are included in cash and cash equivalents on the Group's balance sheet.

Adjustments for non-cash operating items:

	Note	2022 €'000	2021 €'000
Foreign exchange		392	(2,400)
Depreciation	10	4,344	4,612
Depreciation of right-of-use assets	10, 11	5,639	6,111
Amortisation of intangibles	9	9,967	8,928
Increase in provisions:			
Restructuring	16	3,139	1,915
Warranty	16	2,395	1,509
Deferred tax transfer		(1,256)	–
Total		**24,620**	**20,675**

15. Debts

Changes to interest-bearing debts are as follows:

	Borrowings €'000	Lease liabilities €'000	Total €'000
Balance at 31 December 2020	336,003	18,301	354,304
Repayment	–	(8,275)	(8,275)
New facilities	–	3,845	3,845
Amortisation of debt issuance costs	1,617	–	1,617
Currency translation	(27)	357	330
Balance at 31 December 2021	337,593	14,228	351,821
Repayment	–	(5,392)	(5,392)
New facilities	–	11,982	11,982
Amortisation of debt issuance costs	1,633	–	1,633
Currency translation	(12)	(136)	(148)
Balance at 31 December 2022	**339,214**	**20,682**	**359,896**

Borrowings at amortised cost consist of the following at 31 December:

	2022 €'000	2021 €'000
Senior secured notes due 2023	340,000	340,000
Other	–	–
	340,000	340,000
Debt issuance costs	(786)	(2,407)
Total debt	**339,214**	**337,593**

All of the outstanding borrowings are denominated in euros at 31 December 2022.

Scheduled repayments of the Group's borrowings are as follows at 31 December 2022:

	€'000
Within one year	340,000
Between two and five years (2023)	–
Total	**340,000**

Refinancing of the Group's debt

As at 31 December 2022, the Group's debt and debt facilities comprised of €340m in 4.5% Senior Secured Notes Due 2023 (the "Notes") and a €55m Super Senior Revolving Credit Facility (the "Revolver") with availability from 21 December 2021 to 28 February 2023.

On 28 February 2023, the Group completed the refinancing of its debt. New loans totalling €270m from a consortium of Nordic banks and investment funds, including a €45m loan from Altor, Norican's majority shareholder, plus a new €60m revolving credit facility ("RCF") provided by certain members of the financing consortium, were put in place. The weighted average maturity of the term loans is greater than four years and the weighted average interest margin is under six per cent.

The €340m Senior Secured Notes were redeemed in full at par, plus accrued interest.

Cash availability within the new RCF is €60,000k and interest is variable based on the IBOR relevant to the currency of utilisation and the performance of the Group. There was no cash amount outstanding under the previous Revolver as of 31 December 2022. Commercial guarantees have been issued at 31 December 2022 which reduced the availability of the Revolver by €24,411k (31 December 2021: €22,644k).

Finance income is comprised of:

	2022 €'000	2021 €'000
Interest income	2,288	1,128
Foreign exchange gains	3,936	3,632
Total	**6,224**	**4,760**

Finance cost is comprised of:

	2022 €'000	2021 €'000
Interest expense	18,215	18,587
Refinancing options assessment work	3,740	–
Debt issuance costs	1,633	1,617
Foreign exchange losses	7,332	3,010
Total	**30,920**	**23,214**

Foreign exchange gains and losses are presented after offset of balances within countries.

16. Accrued liabilities and provisions

Accrued liabilities and provisions on the balance sheet include the following:

	2022 €'000	2021 €'000
Warranty		
Balance at beginning of period	9,129	8,583
Additional provisions	1,876	905
Reductions through utilisation	(994)	(1,365)
Transfers	519	604
Foreign exchange adjustment	(9)	402
Balance at end of period	**10,521**	**9,129**

Due to the uncertain nature in the timing of utilisation of the warranty provision, it is not possible to estimate the amount of provision that will be utilised within the next year.

Restructuring		
Balance at beginning of period	1,843	4,370
Additional provisions	3,873	1,915
Reductions through payments	(2,328)	(4,797)
Transfers	(974)	270
Foreign exchange adjustment	54	85
Balance at end of period	**2,468**	**1,843**

All of the remaining current balance of the restructuring provision is expected to be utilised within the next year.

17. Retirement benefit plans

Background

The Group and most of its subsidiaries offer retirement plans which cover the majority of employees in the Group. The Group's policy is to provide defined contribution (DC) orientated pension provision to its employees unless otherwise compelled by local regulation. As a result, many of these retirement plans are DC, where the Group contribution and resulting charge is fixed at a set level or is a set percentage of employees' pay.

However, the Group has multiple plans which are defined benefit (DB), where benefits are based on employees' length of service and linked to their salary. The major defined benefit plans are in Switzerland, the UK, the US, Germany and India, and have broadly similar risk profiles. They are largely legacy arrangements that are closed to new entrants and are funded through separate, fiduciary-administered assets. The cash funding of the plans, which may from time to time involve special Group payments, is designed, in consultation with independent qualified actuaries, to ensure that the assets are sufficient to meet future obligations as and when they fall due. The funding level is monitored rigorously by the Group and by local fiduciaries, who take into account the strength of the Group's covenant, local regulation, cash flows, and the solvency and maturity of the relevant pension scheme.

Ninety per cent of the Group's total defined benefit obligations at 31 December 2022 are in schemes in Switzerland and the UK.

Pension costs

The costs associated with the Group's DB schemes are as follows:

	2022 €'000	2021 €'000
Components of net periodic pension cost:		
Service cost	540	849
Interest cost	1,545	1,131
Expected return on plan assets	(1,211)	(738)
Net periodic pension cost	**874**	**1,242**

The Group's estimate of employer contributions to be paid to defined benefit plans for the year ended 31 December 2023 is €1,907k. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to changes in business and market conditions during 2023.

Accumulated actuarial (losses) / gains

Accumulated actuarial (losses) / gains included in the statement of comprehensive income are as follows:

	2022 €'000	2021 €'000
Balance at beginning of period	7,765	(4,505)
Actuarial losses for the year, net of deferred tax	12,540	13,318
Currency translation	397	(1,048)
Balance at end of year	**20,702**	**7,765**

Pension scheme obligations and assets

The following table sets out the significant components of the Group's pension plan benefit obligations, fair value of plan assets and funded status as at and for the years ended 31 December:

	2022 €'000	2021 €'000
Change in benefit obligation		
Benefit obligation at beginning of period	139,329	151,347
Service cost	540	849
Interest cost	1,545	1,131
Plan participants' contributions	258	240
Actuarial (gain) / loss	(28,013)	(11,421)
Benefits paid	(7,047)	(10,005)
Acquired from Simpson	1,613	–
Impact of foreign currency changes	800	7,188
Benefit obligation at end of period	109,025	139,329
Change in plan assets		
Fair value of plan assets at beginning of period	118,689	115,933
Actual return on plan assets	(10,673)	4,448
Company contributions	2,287	1,893
Participant contributions	258	240
Benefits paid and expenses	(7,051)	(10,005)
Acquired from Simpson	1,862	–
Impact of foreign currency changes	1,552	6,180
Fair value of plan assets at end of period	106,294	118,689
Accrued benefit liability per balance sheet at end of period	**2,101**	**20,640**
Of which arising from:		
Funded plans	(5,137)	10,816
Unfunded plans	7,238	9,824

The fair values of the assets of the Group's defined benefit pension plans are as follows at 31 December:

	2022 Fair value €'000	%	2021 Fair value €'000	%
Equities	32,457	31%	40,734	34%
Property	30,526	29%	27,861	24%
Bonds	12,013	11%	36,018	30%
Other assets	30,084	29%	14,078	12%
Fair value of assets	**105,080**	**100%**	**118,691**	**100%**

The plan assets do not include any assets used by the Group or any shares in the Group.

Actuarial assumptions

Principal actuarial assumptions, expressed as weighted averages and components of net periodic pension cost, are as follows at 31 December:

	2022	2021
Benefit cost:		
Discount rate	4.0%	1.6%
Rate of compensation increase	2.7%	2.1%
Benefit obligation:		
Discount rate	3.2%	1.2%
Rate of compensation increase	2.0%	1.9%
Future pension increase	1.1%	1.4%

DISA Pension Scheme – Switzerland

Norican Group, through its Swiss subsidiary, participates in the Pensionskasse Georg Fischer and Durach-Stiftung (together, the "Georg Fischer Plan"), which are separate legal entities. The Georg Fischer Plan Foundation is responsible for the governance of the plan, and the governance board is composed of an equal number of representatives from the employers and employees chosen from all affiliated companies.

The Swiss defined benefit pension fund represents approximately 54% of the Group's defined benefit obligations at 31 December 2022.

The average duration of the defined benefit obligation at 31 December 2022 is 9.4 years (2021: 10.8 years)

The IAS 19 actuarial valuation of the pension fund was carried out by a qualified actuary as at 31 December 2021.
The key assumptions from this actuarial valuation were as follows:

Discount rate at 2.0% per annum
Rate of inflation at 1.2% per annum
Salary increases at 2.0% per annum
Pension increases at 0% per annum

The resulting valuation of the Fund's liabilities on that basis was €60,286k (2021: €67,022k) compared to a market value of assets at 31 December 2022 of €67,400k (2021: €71,327k). The accrued benefit attributed to the Swiss pension is an asset of €10,426k and a liability of €4,305k as of 31 December 2022 and 2021, respectively.

Assumption	Change in assumption	Approximate impact on scheme liabilities
Discount rate	Increase by 1% p.a.	-€4,714k
Rate of inflation increase	Increase by 1% p.a.	€6k
Rate of mortality	Member assumed to live 1 year longer	€2,496k

Wheelabrator Group Pension Scheme – UK

Norican Group, through its UK subsidiary, operates a defined benefit scheme in the UK which is a final salary plan and provides benefits linked to salary at retirement or earlier date of leaving service. The Scheme closed to future accrual on 31 August 2016. Trustees have the primary responsibility for governance of the Scheme. Benefit payments are from Trustee-administered funds and Scheme assets are held in trusts which are governed by UK regulation. Responsibility for governance of the Scheme, including setting contribution rates, lies jointly with the Company and Trustee Board. The Trustees are comprised of nominations from the Company and members in accordance with the Trust Deed and Rules.

The UK defined benefit pension fund represents approximately 34% of the Group's defined benefit obligations at 31 December 2022.

The average duration of the defined benefit obligation at 31 December 2022 is 13 years (2021: 15 years)

The IAS 19 actuarial valuation of the pension fund was carried out by a qualified actuary as at 31 December 2022.
The key assumptions from this actuarial valuation were as follows:

Discount rate at 4.85% per annum
Rate of inflation at 2.40% per annum
Salary increases at 2.40% per annum
Pension increases at 3.0 – 3.6% per annum (members have differing rights to pension increases)

The resulting valuation of the Fund's liabilities on that basis was €37,076k (2021: €59,327k) compared to a market value of assets at 31 December 2022 of €34,021k (2021: €45,151k). The accrued benefit attributed to the UK pension is a liability of €4,844 and €14,176k as of 31 December 2022 and 2021, respectively.

Sensitivity analysis: the table below gives a broad indication of the impact on aggregate scheme valuations for changes in the key assumptions:

Assumption	Change in assumption	Approximate impact on scheme liabilities
Discount rate	Increase by 0.25% p.a.	-€1,149k
Rate of inflation increase	Increase by 0.25% p.a.	€630k
Rate of mortality	Member assumed to live 1 year longer	€1,557k

18. Financial instruments and related disclosures

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. The Group's financial risk exposures have not changed significantly in 2022.

Foreign exchange risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar, the Indian rupee and the Chinese renminbi. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities, and net investments in foreign operations. The Group's individual subsidiaries predominately transact their operational activities in their respective functional currencies. However, the global nature of the business leads to transactional risk at the balance sheet date. This arises because the amount of local currency received or paid for transactions denominated in a foreign currency varies due to changes in foreign exchange rates. Transactional committed risk for which the Group has a contractual obligation that is recorded on the balance sheet is primarily managed through the use of forward foreign exchange contracts.

The Group's notes, which make up substantially all of the outstanding debt balances at 31 December 2022, are denominated in euros; therefore, most of the Group's debt is not exposed to foreign currency risk. However, translation exposure arises from consolidation of foreign currency-denominated financial statements of the Group's subsidiaries. A 10% change in the currency translation rate between the U.S. dollar and the euro could positively or negatively affect revenue by approximately €10,346k, and the net income impact on equity is approximately €251k based on results for the year ended 31 December 2022.

Commodity price risk

Commodity price fluctuations also affect aspects of the Group's business. Changes in commodity prices can affect the profitability of the Group's operations and its net cash flows.

The Group does not consider commodity price risk to be a significant financial statement risk, as most of the machine orders are completed within six months and the portion of commodity cost in the cost of finished goods inventory is not considered significant. For large orders, the Group mitigates exposure to commodity price risk by committing to raw materials purchases periodically throughout the year as sales occur. Inventory pricing is reviewed periodically to reduce the risk of commodity purchase price changes.

Interest rate risk

The Group is exposed to fluctuations in interest rates on its Revolver borrowings. While there are no outstanding borrowings under the Revolver at 31 December 2022, to the extent the Group has future outstanding borrowings under the Revolver, the amount outstanding would be exposed to interest rate fluctuations.

Credit risk

The exposure to credit risk is represented by the balance sheet values of the receivables and positive market values of derivatives that are carried at the balance sheet date.

Credit quality of customers is assessed taking into account the customer's financial position, past experience and other factors. Individual risk limits are set based on internal and external ratings. The utilisation of credit limits is regularly monitored. Although the Group monitors the credit ratings of its customers, changes in the financial position of its customers can adversely affect the Group's future collection of the receivables and the Group's cash flows.

Liquidity risk

The Group's principal source of liquidity consists of cash and cash equivalents, cash generated from operations, and borrowings available under the Revolver. See note 15.

Capital risk management

The Group's objectives in managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders, benefits for other stakeholders and to maintain an optimal capital structure to reduce its cost of capital and to support long-term profitable growth.

Other risk

At 31 December 2022, €33,353k (2021: €29,700k) in commercial guarantees related to equipment orders were outstanding that are not reflected on the balance sheet but expose the Group to a potential, albeit minimal risk.

Classes of financial instruments

Besides cash and cash equivalents, trade and other receivables as well as long-term debt, trade payables and other payables, which are financial instruments measured at amortised cost, the Group has entered into a currency swap, which is a financial instrument designated for net investment hedge accounting. The Group does not have financial instruments classified at fair value through profit and loss.

Derivatives that are designated and effective as hedging instruments carried at fair value:

	2022 €'000	2021 €'000
Foreign currency swaps	–	(1)

The Group utilises forward currency delivery contracts to hedge future transactions and cash flows. The Group is party to a variety of foreign currency forward contracts in the management of exchange rate exposures. The instruments purchased are primarily denominated in the currencies of the Group's principal markets and are designated and effective as hedging instruments carried at fair value. All forward contracts outstanding at 31 December 2022 mature within a period of one year.

The fair value of derivatives is determined based on observable market data using generally accepted methods (level 2 in the fair value hierarchy).

19. Litigation

Silicosis

Subsidiaries of the Group in the United States have been named in various cases involving alleged exposure to silica by employees of its customers. In accordance with the terms of the Silicosis Litigation Management and Indemnification Agreement (the "Indemnity"), Water Application & Systems Corp. (formerly known as United States Filter Corp.) is liable for all silicosis claims arising from equipment or product sales prior to 19 August 2003 for subsidiaries of WGH Holding Corp. ("WGH") at that date. With respect to claims against non-United States subsidiaries of WGH at that date, the Indemnity expired 19 August 2018. With respect to United States subsidiaries of WGH, the Indemnity is not limited in time. There are no claims at present for exposure related to non-United States subsidiaries for equipment sales subsequent to 19 August 2003.

Other claims

The Group has been named in litigation arising in the ordinary course of business. In the opinion of legal counsel and management, the Group has meritorious defences against such claims and is covered by insurance and has reserves to cover self-insured retentions for any material adverse outcome in most claims. For claims for which insurance coverage may not be available, the Group has established reserves deemed adequate to cover possible adverse outcomes and related fees. As a result, these cases are not expected to have a significant negative impact on future results of operations or the financial condition of the Group.

20. Equity

Share capital

The Parent Company has one class of ordinary shares, each with a par value of one Danish krone. Shares are entitled to one vote per share.

	2022 Number	2021 Number
Authorised:		
Common shares of one Danish krone each	12,992,604	12,992,604
Issued and fully paid:		
At 1 January common shares of one Danish krone each	11,579,604	11,579,604
Issued during the year	–	–
At 31 December common shares of one Danish krone each	**11,579,604**	**11,579,604**

There are 11,579,604 shares issued and outstanding at 31 December 2022. Total shares held in treasury are 46,940 at 31 December 2022 (41,135 at 31 December 2021), the increase arising from the re-purchase of shares by the company from a former manager.

Other Reserves

Other reserves consist of the following:

	Share premium	Pension reserve	Hedging reserve	Revaluation reserve	Currency translation reserve	Total other reserves
	€'000	€'000	€'000	€'000	€'000	€'000
Balance at 31 December 2020	152,236	(4,505)	747	(2,771)	(3,681)	142,026
Employee share transactions	–	–	–	75	–	75
Actuarial (losses) / gains on pension benefit obligation, net of deferred tax	–	13,318	–	–	–	13,318
Unrealised holding (losses) / gains on derivatives designated as cash flow hedges, net of deferred tax	–	–	(156)	–	–	(156)
Currency translation	–	(1,048)	(1)	–	8,347	7,298
Balance at 31 December 2021	152,236	7,765	590	(2,696)	4,666	162,561
Employee share transactions	–	–	–	(96)	–	(96)
Actuarial (losses) / gains on pension benefit obligation, net of deferred tax	–	12,540	–	–	–	12,540
Unrealised holding (losses) / gains on derivatives designated as cash flow hedges, net of deferred tax	–	–	–	–	–	–
Currency translation	–	397	–	–	8,534	8,931
Balance at 31 December 2022	**152,236**	**20,702**	**590**	**(2,792)**	**13,200**	**183,936**

Non-controlling interest

The Group's majority owned Indian subsidiary, DISA India Ltd. ("DIL"), is listed on the Bombay Stock Exchange. As a result, the Group recognises the non-controlling interest's share of the net asset value of DIL as a component of equity

21. Common stock warrants

The Company has issued 1,175,790 (2021: 1,175,790) common stock warrants to management and directors of the Group. The warrants were issued at fair market value and therefore no compensation expense is recognised. The warrants give the holder the right (without pre-emption right for the Company's existing shareholders) to subscribe for up to 1,175,790 (2021: 1,175,790) shares in the Company with a par value of one Danish Krone, by cash contribution at exercise. The common stock warrants are exercisable (i) in the event of a change of control of the Group or an IPO or (ii) during the period 1 - 31 December 2023. The Company's share capital may be increased in order to make it possible for the holders of the warrants to exercise the warrants. During the year ended 31 December 2022 nil warrants were issued to management, 13,578 warrants were issued to management during year ended December 2021, respectively, at fair market value and therefore no compensation expense has been recognised.

22. Related parties

Executive board

The remuneration of the executive board, is as follows:

	2022 €'000	2021 €'000
Short-term benefits	1,561	1,282
Pension costs – defined contribution	9	17
Total	**1,570**	**1,299**

The remuneration of the executive board is determined by the remuneration committee of the board of directors having regard to the performance of individuals and market trends.

Shareholders

Directors and management own common shares and common share warrants of the Company. As of 31 December 2022, Altor Fund IV Holding AB has controlling shareholding positions in the Parent Company. Costs for strategic advisory and management services of €60k were accrued to the benefit of Altor Fund IV Holding AB for each of the years ended 31 December 2022 and 2021.

Fees paid to directors during the years ended 31 December 2022 and 2021 are €138k and €160k, respectively.

As of 31 December 2022, the Company has issued 115,905 (2021: 115,905) and 20,346 (2021: 68,466) common stock warrants to the executive board and board of directors, respectively.

Joint taxation agreement

The Group participates in a Danish joint taxation arrangement in which Nortre Administration ApS serves as the administration company (see note 7). Notre Administration ApS and Norican Group share common owners through the Group's controlling shareholder.

22. List of subsidiary companies

Name of Subsidiary	Country of Origin	% Owned*	Type of Company
Norican Global A/S	Denmark		Parent
Norican A/S	Denmark	100%	Holding
Norican Group ApS	Denmark	100%	Holding
Norican Holdings ApS	Denmark	100%	Holding
DISA Holding A/S	Denmark	100%	Holding
DISA Holding II A/S	Denmark	100%	Holding
DISA Industries A/S	Denmark	100%	Manufacturing
Wheelabrator Group NV	Belgium	100%	Sales
WGH Holding Corp.	British Virgin Islands	100%	Holding
Wheelabrator Group (Canada) ULC	Canada	100%	Sales
DISA (Changzhou) Machinery Ltd.	China	100%	Manufacturing
Italpresse Industrie (Shanghai) Co. Ltd.	China	100%	Sales
Kunshan Italpresse Die-casting Equipment Co., Ltd	China	100%	Inactive
StrikoWestofen Thermal Equipment (Taicang) Co. Ltd.	China	100%	Manufacturing
Norican Czech s.r.o.	Czech Republic	100%	Manufacturing
Webac s.r.o.	Czech Republic	100%	Manufacturing
Matrasur Composites SAS	France	100%	Manufacturing
Wheelabrator Group SAS	France	100%	Manufacturing
Walther Trowal S.à.r.l	France	100%	Sales
Wheelabrator Group GmbH	Germany	100%	Manufacturing
Wheelabrator Group Holding GmbH	Germany	100%	Holding
Wheelabrator-Berger Stiftung GmbH	Germany	100%	Dormant
OT Oberflachentechnik Maschinen und Werkzeuge Handels GmbH	Germany	100%	Dormant
DISA Industrieanlagen GmbH	Germany	100%	Inactive
Wheelabrator OFT GmbH	Germany	100%	Inactive
Nolten GmbH	Germany	100%	Dormant
LMCS Group Holding GmbH	Germany	100%	Holding
Light Metal Casting Solutions Group GmbH	Germany	100%	Holding
SWO Holding GmbH	Germany	100%	Holding
Norican Digital GmbH	Germany	100%	Sales
Light Metal Casting Equipment GmbH	Germany	100%	Holding
StrikoWestofen GmbH	Germany	100%	Sales
Simpson Technologies GmbH	Germany	100%	Manufacturing
DISA Limited Hong Kong	Hong Kong	100%	Sales
DISA India Ltd.	India	75%	Manufacturing
DISA Technologies Private Ltd.	India	100%	Manufacturing
Bhadra Castalloys Private Limited	India	100%	Manufacturing
Italpresse Gauss S.p.A.	Italy	100%	Manufacturing
DISA K.K.	Japan	100%	Sales

WG Plus de Mexico S de RL de CV	Mexico	100%	Manufacturing
WG Plus Servicios S de RL de CV	Mexico	100%	Sales
StrikoWestofen de Mexico, S.A. de C.V.	Mexico	100%	Sales
IP Mexico Die Casting S.A. de C.V.	Mexico	100%	Sales
Wheelabrator Schlick Sp. Z.o.o.	Poland	100%	Manufacturing
SWO Polska Sp. Z.o.o.	Poland	100%	Manufacturing
Wheelabrator Group SLU	Spain	100%	Sales
DISA Industrie AG	Switzerland	100%	Manufacturing
DISA Holding AG	Switzerland	100%	Holding
Blast Cleaning Techniques Ltd	United Kingdom	100%	Holding
Castalloy Europe Ltd	United Kingdom	100%	Manufacturing
WGH UK Holdings Limited	United Kingdom	100%	Holding
WGH UK Ltd.	United Kingdom	100%	Holding
Wheelabrator Technologies (UK) Ltd.	United Kingdom	100%	Holding
Wheelabrator Group Ltd.	United Kingdom	100%	Sales
Striko UK Ltd.	United Kingdom	100%	Dormant
Abrasive Developments Ltd	United Kingdom	100%	Dormant
Spencer & Halstead Ltd	United Kingdom	100%	Dormant
Impact Finishers Ltd.	United Kingdom	100%	Dormant
Vacu-Blast International	United Kingdom	100%	Dormant
DISA Industries Inc.	United States	100%	Sales
WG Global LLC	United States	100%	Holding
DISA Holding LLC	United States	100%	Holding
Wheelabrator Group Inc.	United States	100%	Manufacturing
Castalloy Inc	United States	100%	Manufacturing
Wheelabrator (Delaware) LLC	United States	100%	Holding
StrikoWestofen Dynarad Furnace Corp.	United States	100%	Sales
Italpresse of America Inc	United States	100%	Sales
Schmidt Manufacturing, Inc	United States	100%	Manufacturing
Bob Schmidt, Inc	United States	100%	Sales
Simpson Technologies Corporation	United States	100%	Sales

* Ownership percentage corresponds to voting rights.

24. Post-balance sheet events

Debt refinancing

The Group completed the refinancing of its debt on 28 February 2023. The €340m Senior Secured Notes were redeemed at par. The Group has taken on new debt in the form of €270m of term loans and a €60m revolving credit facility. See note 15 for additional detail.

Parent Company Income Statement

	Note	2022 €'000	2021 €'000
Operating profit / (loss)		–	–
Finance cost		(7)	(9)
Profit / (loss) before taxation		**(7)**	**(9)**
Tax credit	B	2	2
Profit / (loss) for the year		(5)	(7)

Proposed distribution of result for the year:		
Proposed dividend for the year	–	–
Transfer to retained earnings	(5)	(7)
	(5)	(7)

Parent Company Statement of Financial Position

	Note	2022 €'000	2021 €'000
Non-current assets			
Investment in subsidiary companies	C	153,291	153,291
Current assets			
Cash		1,292	1,395
Current tax receivable		4	2
Net assets		**154,587**	**154,688**
Equity			
Share capital		1,555	1,555
Additional paid-in capital		152,838	152,934
Retained earnings		194	199
Total equity	**D**	**154,587**	**154,688**

Parent Company Statement of Cash Flows

	Note	2022 €'000	2021 €'000
Cash flows from operating activities			
Operating profit / (loss) for the year		(5)	(7)
Changes in working capital:			
Accrued income tax receivable		(2)	(2)
Net cash from / (used in) operating activities		**(7)**	**(9)**
Cash flows used in investing activities			
Investments in subsidiaries		–	–
Net cash used in investing activities		**–**	**–**
Cash flows used in financing activities			
Net proceeds / (payments) from share transactions	D	(96)	75
Net cash used in financing activities		**(96)**	**75**
Net increase / (decrease) in cash		**(103)**	**66**
Cash at beginning of year		1,395	1,329
Cash at end of year		**1,292**	**1,395**

Parent Company
Notes to Financial Statements

A. Summary of significant accounting policies

The Parent Company's accounting policies remain unchanged from last year. Significant accounting policies are identical to those applied by the Group except for those mentioned below.

Foreign currencies

Income statement items in foreign currencies are translated into euros at average rates for the relevant accounting periods. Monetary assets and liabilities are translated at exchange rates prevailing at the date of the company balance sheet. Exchange gains and losses on loans and on short-term foreign currency borrowings and deposits are included within 'Finance cost'. Exchange differences on all other foreign currency transactions are recognised in operating profit.

Investments in subsidiaries

Investments in subsidiaries, are stated at cost and reviewed for impairment if there are indications that the carrying value may not be recoverable.

Dividends

Dividends on investments in subsidiaries are recognised in the Parent Company's income statement in the financial year in which the dividend is declared.

B. Income tax

The Danish companies of the group are jointly and severally liable for the Danish group's joint taxable income.

Tax credit consists of the following:

	2022 €'000	**2021 €'000**
Current tax credit	(2)	(2)
Total income tax credit	**(2)**	**(2)**

Income tax credit attributable to loss before income taxes is computed by applying the Danish income tax rate of 22% for the years ended 31 December 2022 and 2021.

C. Investment in subsidiary companies

	2022 €'000	2021 €'000
Cost at 1 January	153,291	153,291
Additions	–	–
Disposals	–	–
Cost at 31 December	153,291	153,291
Impairment losses at 31 December	–	–
Carrying amount at 31 December	**153,291**	**153,291**

Investments in subsidiary companies, with a carrying value of €153,291k at 31 December 2022 and 2021, have been provided as security for loans to the Company.

D. Shareholders' equity

	Share capital €'000	Retained reserves €'000	Total €'000
Equity at 31 December 2020	154,414	206	154,620
Transfer to retained earnings	–	(7)	(7)
Employee share purchase	75	–	75
Equity at 31 December 2021	154,489	199	154,688
Transfer to retained earnings	–	(5)	(5)
Employee share transactions	(96)	–	(96)
Equity at 31 December 2022	**154,393**	**194**	**154,587**

Common shares

The Company is authorised to issue up to 12,992,604 common shares, each with a par value of one Danish krone. Shares are entitled to one vote per share. There are 11,579,604 shares issued and outstanding at 31 December 2022.

Further details on the Parent Company's equity and related party transactions are provided in notes 20, 21 and 22, to the Group's consolidated financial statements, respectively.

E. Audit fees

Services provided by the Company's Auditor

	2022 €'000	2021 €'000
Fees payable for the audit of the parent company	3	2

No fees were paid for non-audit services in 2022 and 2021.

Definitions of Financial Highlights and Ratios

EBITDA	Earnings before interest, tax, depreciation, amortisation and impairment losses
EBITDA margin	EBITDA as a % of net revenue
Non-underlying items	Items relating to costs which are not incurred in the normal course of business or, due to their size, nature and irregularity are not included in the assessment of financial performance in order to reflect management's view of the core trading performance of the Group
Underlying gross margin	Gross margin after adjusting for non-underlying items
Underlying SG&A	Selling, general and administrative costs after adjusting for non-underlying items
Underlying EBITDA	EBITDA after adjusting for non-underlying items
Equipment order backlog	The cumulative sum of the awarded contracts, with firm commitments, that are not fulfilled at the end of the reporting period
Net debt	Interest bearing debt, excluding lease liabilities and debt issuance costs, less cash at bank and in hand
Net working capital	Inventories + receivables – current liabilities, excluding corporation tax receivable / payable as well as repayment of borrowings and lease liabilities

Forward Looking Statements

This annual report includes "forward-looking statements" within the meaning of the securities laws of certain applicable jurisdictions. These forward-looking statements include, but are not limited to, all statements other than statements of historical facts contained in this annual report, including, without limitation, those regarding our future financial position and results of operations, our strategy, plans, objectives, goals and targets, our liquidity, capital resources and capital expenditures, the general economic outlook and industry trends, litigation outcomes, future developments in the markets in which the Norican Group participates or is seeking to participate or anticipated regulatory changes in the markets in which we operate or intend to operate. In some cases, you can identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "could", "estimate", "expect", "forecast", "guidance", "intend", "may", "plan", "potential", "predict", "projected", "should" or "will" or the negative of such terms or other comparable terminology.

By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance and are based on numerous assumptions, and our actual results of operations, including our financial condition and liquidity and the development of the industries in which we operate, may differ materially from (and be more negative than) those made in, or suggested by, the forward-looking statements contained in this annual report. You should not place undue reliance on these forward-looking statements.

In addition, even if our results of operations, including our financial condition and liquidity and the development of the industry in which we operate, are consistent with the forward-looking statements contained in this annual report, those results or developments may not be indicative of results or developments in subsequent periods. We are subject to numerous risks that could affect our future performance and the markets in which we operate. In light of these risks, uncertainties and assumptions, the forward-looking events described in this annual report may not occur. New risks can emerge from time to time, and it is not possible for us to predict all such risks, nor can we assess the impact of all such risks on our business or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements. These forward-looking statements speak only as of the date on which the statements were made. We undertake no obligation to update or revise any forward-looking statements or risk factors, whether as a result of new information, future events or developments or otherwise. Given these risks and uncertainties, you should not rely on forward-looking statements as a prediction of actual results.

Norican Group
Shaping Industry

noricangroup.com

Norican Technologies

DISA ItalPresseGauss Monitizer SIMPSON StrikoWestofen wheelabrator