

Geveko Markings Denmark A/S

Longelsevej 34, 5900 Rudkøbing

CVR no. 36 70 73 21

Annual report 2022

Approved at the Company's annual general meeting on 27 April 2023

Chair of the meeting:

.....
Dennis Henry Wager

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Statement by the Board of Directors and the Executive Board

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

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

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

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

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

Rudkøbing, 27 April 2023
Executive Board:

.....
André Dominique Thomsen

Board of Directors:

.....
Henrik Bøgesvang Basse

.....
André Dominique Thomsen

.....
Dennis Henry Wager

Independent auditor's report

To the shareholder of Geveko Markings Denmark A/S

Opinion

We have audited the financial statements of Geveko Markings Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- ▶ Identify and assess the risks of material misstatement of the 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 Company's internal control.

Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 27 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter Andersen
State Authorised Public Accountant
mne34313

Management's review

Company details

Name	Geveko Markings Denmark A/S
Address, Postal code, City	Longelsevej 34, 5900 Rudkøbing
CVR no.	36 70 73 21
Established	8 April 2015
Registered office	Langeland
Financial year	1 January - 31 December
Board of Directors	Henrik Bøgesvang Basse André Dominique Thomsen Dennis Henry Wager
Executive Board	André Dominique Thomsen
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, P.O. Box 250, 2000 Frederiksberg, Denmark

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
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Key figures

Gross profit	64,632	63,207	62,833	70,977	73,936
Operating profit/loss	7,932	8,628	4,705	20,015	16,592
Net financials	-7,311	-933	-13,519	720	492
Profit for the year	409	4,509	-10,376	11,868	11,089

Total assets	173,033	235,056	212,697	209,566	179,546
Investments in property, plant and equipment	556	5,389	2,818	759	8,297
Equity	115,732	115,323	110,814	121,189	109,321

Financial ratios

Return on assets	3.9%	3.9%	2.2%	10.3%	9.4%
Equity ratio	66.9%	49.1%	52.1%	57.8%	60.9%
Return on equity	0.4%	4.0%	-8.9%	10.3%	10.7%

Average number of full-time employees	137	138	135	137	122
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The financial ratios stated under "Financial highlights" have been calculated as follows:

Ordinary operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Management's review

Business review

The company develops, manufactures, and distributes horizontal markings in any shape, material, or color to meet the requirements of its customers. The company enable safe, sustainable, and efficient mobility by: (i) guiding road users, (ii) improving the flow of traffic, and (iii) assisting the visually impaired. The products are applied in demanding environments, on areas such as roads, cycle paths, airports, arenas, multi-story car parks, industrial locations, and playgrounds. The company mainly focuses on areas of application where the products must perform to strict performance, durability, or safety standards, or fulfil decorative requirements. The company aims to conduct its activities in a holistic and sustainable manner.

Main customers are road marking contractors who specialize in road marking application, public highway authorities, municipalities, and commercial and private entities.

Financial review

The income statement for 2022 shows a profit of DKK 409 thousand against a profit of DKK 4,509 last year, and the balance sheet at 31 December 2022 shows equity of DKK 115,732 thousand. Revenue is in line with expectation, and result is below expectations. The profit is impacted by negative currency exchange rate adjustments of tDKK -5,207 mainly related to group receivables and payables.

The financial year has been impacted by the complicated global environment, with the war in Ukraine, inflation, and large cost increases on strategic raw materials and energy. The company has managed the situation well, by securing supplies from existing suppliers, broadening its base of suppliers, and increasing security stocks of strategic raw materials. Despite the challenges, the factory has seen a high utilisation rate and no lack of raw materials.

During the financial year, the company has continued the development of the shared service functions, implementation of the new ERP system, and improvements to the commercial setup. Improving systems and processes is a prerequisite for supporting continued growth.

Management considers the year's result to be satisfactory in the current market situation and context.

Outlook

The company expects a challenging global economic outlook in 2023. Despite this, management forecasts increased earnings. We expect a positive result after tax of MDKK 3-5.

Financial risks and use of financial instruments

The main risks for the company are availability and the cost of on strategic raw materials. To manage this risk, the company works with 2 or 3 alternative suppliers for strategic raw materials and makes use of safety stocks.

Currency exchange rate risks in relation to the financial risk can primarily be allocated to GBP and USD. Currency risks are hedged at Group level in accordance with exchange rate policy.

Management's review

Governance

The governance dimension relates to how the company ensures noninvolvement in bribery, corruption, fraud or other un-ethical business practices.

The company operates using a governance triangle model: Business/function responsible, legal entity responsible, and location responsible. The model clearly informs employees about roles and responsibilities across the company.

The company has an ethics policy, which informs employees how to behave. All business activities and all relationships with business partners, authorities, and other organisations should be conducted ethically. The company should also ensure that business partners - customers, suppliers, distributors, and agents - comply with national laws and regulations.

Non-compliance with applicable laws, business practices, or the ethics policy are viewed strongly. Employees are encouraged to speak up and the company has a whistle-blower process to allow employees to raise concerns anonymously.

The environment pillar addresses the environmental impact of the company.

The company uses the following groupings to assess the environmental impact of its manufacturing processes and products: raw materials, exhausts, transports, hazardous substances, heavy metals, and microplastics. The main environmental impact of the company consists of carbon dioxide emissions from energy consumption and transports, waste during production, and the use of some environmentally harmful materials in the production.

The electricity used is primarily from renewable sources such as solar, wind, and hydropower. The company strives to choose "green" electricity to the extent possible. The company aims to replace fossil fuelled heating systems and processes in the longterm. In the meantime, the company tries to minimise the amount of energy used by, for instance, using waste heat from furnaces and other processes to heat the premises. The company also aims to reuse and recycle materials to the largest extent possible. The company tries to minimising the spill of raw materials for both economic and environmental reasons. All fluids are stored in sealed areas to contain a potential leak. Contingency plans are established, and emergency drills are performed on a regular basis to ensure that staff are educated and trained to quickly prevent emissions or pollution in the case of an emergency.

The company aims to lead the way on sustainable products in the horizontal markings industry. The company does this by conducting Life Cycle Analyses of its products and working to develop more environmentally friendly alternatives to existing products.

There are operations within the company that require permits and notification in accordance with national environmental legislations.

The Company is certified according to ISO 14001:2015.

Research and development activities

The company research and development costs cover the development of new products, the certification of new and existing products, as well as ongoing efforts to ensure the right quality and durability of products. Certifications are mandatory in most markets for the permission to sell and use the company's products. The company is seeing an increased demand for more environmentally friendly products and increased functional performance (i.e., better durability and greater retroreflectivity). Research and development costs are expensed in the profit and loss account in the year they occur.

Events after the balance sheet date

In December 2022, a mutual agreement to discontinue the service agreement with the then CEO was made. In the beginning of 2023, the former COO of the company was appointed CEO.

No other events have occurred after the balance sheet date that may materially affect the assessment of the company's financial position.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2022	2021
	Gross profit	64,632	63,207
	Distribution costs	-15,622	-14,666
12	Administrative expenses	-40,884	-39,913
	Operating profit	8,126	8,628
3	Financial income	922	2,012
	Write-down on investments	-111	-1,424
4	Financial expenses	-8,233	-2,945
	Profit before tax	704	6,271
5	Tax for the year	-295	-1,762
	Profit for the year	409	4,509

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Completed development projects	9,954	12,291
	Development projects in progress and prepayments for intangible assets	649	709
		<u>10,603</u>	<u>13,000</u>
7	Property, plant and equipment		
	Land and buildings	12,432	13,575
	Plant and machinery	6,405	8,728
	Property, plant and equipment under construction	970	414
		<u>19,807</u>	<u>22,717</u>
8	Investments		
	Investments in group enterprises	19,873	19,984
	Deposits, investments	598	598
		<u>20,471</u>	<u>20,582</u>
	Total fixed assets	<u>50,881</u>	<u>56,299</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	12,129	8,921
	Finished goods and goods for resale	13,261	11,535
		<u>25,390</u>	<u>20,456</u>
	Receivables		
	Trade receivables	14,768	15,952
	Receivables from group enterprises	77,064	137,677
	Other receivables	1,492	2,355
9	Prepayments	3,436	2,308
		<u>96,760</u>	<u>158,292</u>
	Cash	<u>2</u>	<u>9</u>
	Total non-fixed assets	<u>122,152</u>	<u>178,757</u>
	TOTAL ASSETS	<u><u>173,033</u></u>	<u><u>235,056</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
10	Share capital	500	500
	Reserve for development costs	8,270	10,140
	Retained earnings	106,962	104,683
	Total equity	115,732	115,323
	Provisions		
11	Deferred tax	1,057	1,427
	Total provisions	1,057	1,427
	Liabilities other than provisions		
	Current liabilities other than provisions		
	Trade payables	32,771	31,326
	Payables to group enterprises	8,878	70,159
	Corporation tax payable	706	209
	Other payables	13,889	16,612
		56,244	118,306
	Total liabilities other than provisions	56,244	118,306
	TOTAL EQUITY AND LIABILITIES	173,033	235,056

- 1 Accounting policies
- 2 Events after the balance sheet date
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Retained earnings	Total
	Equity at 1 January 2021	500	11,727	98,587	110,814
16	Transfer, see "Appropriation of profit"	0	-1,587	6,096	4,509
	Equity at 1 January 2022	500	10,140	104,683	115,323
16	Transfer, see "Appropriation of profit"	0	-1,870	2,279	409
	Equity at 31 December 2022	500	8,270	106,962	115,732

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Geveko Markings Denmark A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company Geveko Holding AB.

Reporting currency

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

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Net sales is recognised when the performance obligation is met; that is, at the point in time when the company transfers control of the promised goods to the customer, which occurs at the delivery of the goods.

Net sales is the consideration to which the company is expected to be entitled in exchange for transferring promised goods. Variable considerations are included when it is highly probable that there will be no significant reversal of the revenue in the future. The company identifies the various performance obligations of the contract and allocates the transaction price to these performance obligations.

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

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities. Staff cost are distributed between production, distribution and administration costs.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

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

Completed development projects	3 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

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

Buildings	20 years
Plant and machinery	4-7 years
Fixtures and fittings, other plant and equipment	4-7 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Profit/loss from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as impairment of investments and allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Property, plant and equipment

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

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in subsidiaries

Investments in subsidiaries and associates are measured at cost. Dividends received that exceed the accumulated earnings in the subsidiary or the associate during the period of ownership are treated as a reduction in the cost of acquisition.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the sales price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

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

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

2 Events after the balance sheet date

In December 2022, a mutual agreement to discontinue the service agreement with the then CEO was made. In the beginning of 2023, the former COO of the company was appointed CEO.

No other events have occurred after the balance sheet date that may materially affect the assessment of the company's financial position.

DKK'000	2022	2021
3 Financial income		
Interest receivable, group entities	922	8
Exchange adjustments	0	2,002
Other financial income	0	2
	<u>922</u>	<u>2,012</u>
4 Financial expenses		
Interest expenses, group entities	1,252	1,480
writedown shares, group entities	111	0
Other financial expenses	6,870	1,465
	<u>8,233</u>	<u>2,945</u>

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021	
5 Tax for the year			
Estimated tax charge for the year	706	209	
Deferred tax adjustments in the year	-370	1,553	
Tax adjustments, prior years	-41	0	
	<u>295</u>	<u>1,762</u>	
6 Intangible assets			
	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
DKK'000			
Cost at 1 January 2022	21,199	709	21,908
Additions	2,735	649	3,384
Transferred	709	-709	0
Cost at 31 December 2022	<u>24,643</u>	<u>649</u>	<u>25,292</u>
Impairment losses and amortisation at 1 January 2022	8,908	0	8,908
Amortisation for the year	5,781	0	5,781
Impairment losses and amortisation at 31 December 2022	<u>14,689</u>	<u>0</u>	<u>14,689</u>
Carrying amount at 31 December 2022	<u>9,954</u>	<u>649</u>	<u>10,603</u>

Development projects relate to the development of a new ERP system, Microsoft Dynamics D365 for use in group's internal management.

Management has not identified any indications of impairment in relation to the systems accounting value.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Property, plant and equipment under construction	Total
Cost at 1 January 2022	25,131	46,766	414	72,311
Additions	0	0	556	556
Disposals	0	-85	0	-85
Cost at 31 December 2022	25,131	46,681	970	72,782
Impairment losses and depreciation at 1 January 2022	11,556	38,038	0	49,594
Depreciation	1,143	2,323	0	3,466
Depreciation and impairment of disposals	0	-85	0	-85
Impairment losses and depreciation at 31 December 2022	12,699	40,276	0	52,975
Carrying amount at 31 December 2022	12,432	6,405	970	19,807

Financial statements 1 January - 31 December

Notes to the financial statements

8 Investments

DKK'000	Investments in group enterprises	Deposits, investments	Total
Cost at 1 January 2022	26,351	598	26,949
Cost at 31 December 2022	26,351	598	26,949
Value adjustments at 1 January 2022	-6,367	0	-6,367
Impairment losses	-111	0	-111
Value adjustments at 31 December 2022	-6,478	0	-6,478
Carrying amount at 31 December 2022	19,873	598	20,471

The information below is based on internal accounts for the financial year 2022.

Name	Legal form	Domicile	Interest	Equity DKK'000	Profit/loss DKK'000
Geveko Markings Belgium	SA	Belgien	100.00%	4,646	3,269
Geveko Markings France	SARL	Frankrig	100.00%	11,388	1,682
Geveko Markings Russia in liquidation	LLC	Rusland	100.00%	0	-116
Preformed Markings	Ltd	UK	100.00%	22,321	0
Geveko Markings Suisse in liquidation	AG	Schweiz	100.00%	0	0

Financial statements 1 January - 31 December

Notes to the financial statements

9 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including rent, insurance policies, leasing and licenses.

DKK'000	<u>2022</u>	<u>2021</u>
10 Share capital		
Analysis of the share capital:		
500,000 A shares of DKK 1.00 nominal value each	<u>500</u>	<u>500</u>
	<u>500</u>	<u>500</u>

The Company's share capital has remained DKK 500 thousand over the past 5 years.

11 Deferred tax

Deferred tax at 1 January	1,427	-127
Other deferred tax	<u>-370</u>	<u>1,554</u>
Deferred tax at 31 December	<u>1,057</u>	<u>1,427</u>

12 Staff costs

Wages/salaries	74,062	67,976
Pensions	6,149	5,686
Other social security costs	<u>1,553</u>	<u>4,196</u>
	<u>81,764</u>	<u>77,858</u>

Average number of full-time employees	<u>137</u>	<u>138</u>
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Total remuneration to Management: DKK'000 5,886. By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management for 2021 is not disclosed.

Financial statements 1 January - 31 December

Notes to the financial statements

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent company, GVCO ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Other financial obligations

Other rent and lease liabilities:

DKK'000	2022	2021
Rent and lease liabilities	6,979	4,681

Rent and lease liabilities include a rent obligation totalling tDKK 927 in interminable rent agreements with remaining contract terms of 0-2 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling tDKK 6,052, with remaining contract terms of 1-4 years.

14 Collateral

As security for the Company's debt to banks for a total amount of DKK 189 million, the Company has provided security in business mortgage in its trade receivables, inventory, plant and machinery and goodwill for a total amount of DKK 107 million. The total carrying amount of these assets is t.DKK 117,680.

The above security also includes the following group-affiliated companies:

- Geveko Markings Sweden AB, debt to banks for a total amount of t.EUR 2,235 per 31. December 2022
- Geveko Markings Inc., debt to banks for a total amount of t.EUR 22,922 per 31. December 2022
- AB Geveko, debt to banks for a total amount of t.EUR 59,892 per 31. December 2022

The company is jointly and severally liable for the parent company AB Geveko's debt to the bank, the security for the total amount of t.DKK 258,358.

The company is jointly and severally liable for the parent company Geveko Markings Inc. debt to the bank, the security is provided for the total amount of t.DKK 174,758.

The company is jointly and severally liable for Geveko Markings Sweden AB's debt to the bank, the security is unlimited.

Financial statements 1 January - 31 December

Notes to the financial statements

15 Related parties

Geveko Markings Denmark A/S' related parties comprise the following:

Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
Geveko Holding AB		Shareholders' agreement

Information about consolidated financial statements

<u>Parent</u>	<u>Domicile</u>	<u>Requisitioning of the parent company's consolidated financial statements</u>
Geveko Holding AB	Sweden	Box 160, 291 22 Kristianstad, Malmö Kommun, Sverige

Related party transactions

Geveko Markings Denmark A/S was engaged in the below related party transactions:

<u>DKK'000</u>	<u>2022</u>	<u>2021</u>
Revenue	107,693	74,727
Cost of sales	8,998	9,627
Service fee income	20,703	13,543
Group costs	22,592	21,821
Interest income from affiliated companies	922	8
Interest costs from affiliated companies	1,252	1,480
Receivables from affiliated companies	77,064	137,677
Payables to affiliated companies	8,878	70,159

Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 14, "Collateral".

16 Appropriation of profit

Recommended appropriation of profit

Other statutory reserves	-1,870	-1,587
Retained earnings	2,279	6,096
	<u>409</u>	<u>4,509</u>

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Dennis Henry Wager

Chair of the meeting

On behalf of: Geveko Markings Denmark A/S

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2023-04-27 12:49:59 UTC



Dennis Henry Wager

Board of Directors

On behalf of: Geveko Markings Denmark A/S

Serial number: 73314a84-00b7-4025-8614-96543514bcd0

IP: 87.62.xxx.xxx

2023-04-27 12:49:59 UTC



Henrik Bøgesvang Basse

Board of Directors

On behalf of: Geveko Markings Denmark A/S

Serial number: 4525ad02-f02f-4b32-978f-b1294a28820b

IP: 87.62.xxx.xxx

2023-04-27 13:04:19 UTC



André Dominique Thomsen

Executive Board

On behalf of: Geveko Markings Denmark A/S

Serial number: 69c70b12-1f88-4a00-b6ba-cfe1676f2c47

IP: 185.182.xxx.xxx

2023-04-27 18:37:37 UTC



André Dominique Thomsen

Board of Directors

On behalf of: Geveko Markings Denmark A/S

Serial number: 69c70b12-1f88-4a00-b6ba-cfe1676f2c47

IP: 185.182.xxx.xxx

2023-04-27 18:37:37 UTC



Peter Andersen

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

Serial number: PID:9208-2002-2-104482734957

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