M&J Recycling Group ApS

Vejlevej 5
DK-8700 Horsens

CVR no. 42 54 56 51

Annual report 2023

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

26 February 2024

Carsten Knudsen_____________________________
chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of M&J Recycling Group ApS for the financial year 1 January – 31 December 2023.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2023.

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

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

Horsens, 26 February 2024
Executive Board:

Uffe Hansen	John Møller Terkelsen

Board of Directors:

Carsten Nygaard Knudsen Chairman	Mette Dobel	Pasi Ilkka Juhani Koota
Tero Juhana Telaranta	Hans Erik Ahlström	Wim Christiaan Henricus van Lieshout

Independent auditor's report

To the shareholders of M&J Recycling Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of M&J Recycling Group ApS for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

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

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

Management's responsibility for the consolidated financial statements and the parent company financial statements

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

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

Independent auditor's report

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of financial statement users made on the basis of these consolidated financial statements and parent company 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 consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company 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 consolidated financial statements and the parent company 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 consolidated financial statements or the parent company 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 consolidated financial statements and the parent company 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.

Aarhus, 26 February 2024
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Katrine Gybel
State Authorised
Public Accountant
mne45848

Dennis Valdeck Hansen
State Authorised
Public Accountant
mne49092

Management's review

Company details

M&J Recycling Group ApS
Vejlevej 5
DK-8700 Horsens

CVR no.	42 54 56 51
Financial year:	1 January – 31 December

Board of Directors

Carsten Nygaard Knudsen (Chairman)
Mette Dobel
Pasi Ilkka Juhani Koota
Tero Juhana Telaranta
Hans Erik Ahlström
Wim Christiaan Henricus van Lieshout

Executive Board

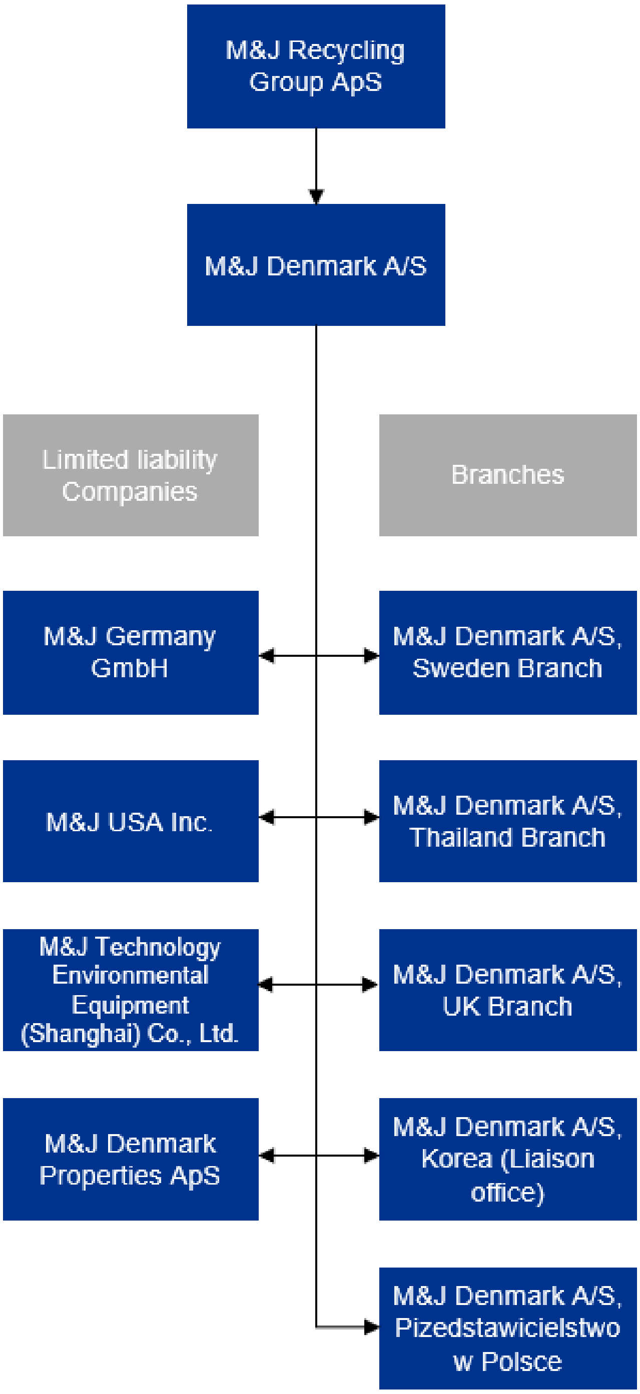
Uffe Hansen
John Møller Terkelsen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25 57 81 98

Management's review

Group chart



Management's review

Financial highlights for the Group

EUR'000	2023	2022	2021* (not audited)
Key figures			
Revenue	69,548	65,846	9,670
Gross profit	21,879	20,907	3,746
Operating profit	952	1,139	581
Profit/loss from financial income and expenses	-2,037	-1,276	-381
Profit/loss for the year	-1,544	-605	98
Total assets	70,504	83,044	77,943
Equity	33,684	35,228	35,135
Investments in property, plant and equipment	1,579	44	765
Ratios			
Rate of return	-1%	0%	0%
Return on equity	-2%	-1%	0%
Solvency ratio	48%	42%	45%
Other key figures			
Average number of full-time employees	149	140	117

*2021 covers the period from establishment on 13 July 2021 and includes the acquisition of M&J Denmark A/S from 1 December 2021.

The financial ratios have been calculated as follows:

Rate of return $$\frac{\text{Profit before tax} \times 100}{\text{Average assets}}$$

Return on equity $$\frac{\text{Profit after tax} \times 100}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Management's review

Operating review

The Group's principal activities

The Group’s principal activity is to develop, produce and market mobile and stationary waste shredders for industrial use globally as well as after-market service components.

Development in activities and financial position

The Group's income statement for 2023 shows a loss of EUR 1,544 thousand as against a loss of EUR 605 thousand in 2022. Equity on 31 December 2023 was EUR 33,684 thousand as against EUR 35,228 thousand on 31 December 2022.

During 2023, the Group experienced increased latency in customer investment decisions, which caused a lower order intake and net sales than expected. Costs were consequently adjusted to the changed activity level.

A new ERP system was successfully implemented as the final part of the carve-out from Metso-Outotec. To further support growth in the Group, a new state-of-the-art welding robot production line was installed in the DK factory.

The Group continued to invest in new products and new technologies, and among others expanded eDrive technology to several product lines, which will reduce energy consumption by up to 50%.

Outlook

The recycling sector is expected to grow in the coming years, as there will be an increasing need to manage and recycle waste on a global level. The Group expects to deliver mid- to long-term growth above market levels in all key markets.

However, increasing interest rates and inflation are expected to adversely influence investments in waste recycling during 2024. Management expects a stable net sales development and order intake to increase during the year.

Intellectual capital

During several years, the Group has developed competencies within handling and shredding of waste as well as manufacturing equipment for this purpose. The Group expects to increase the investment within this area.

Management's review

Operating review

Statutory statement on Corporate Social Responsibility in accordance with section 99a of the Danish Financial Statements Act

The ambition of the Group is to demonstrate social responsibility in line with its basic values within the areas of environment and climate considerations, social and employee conditions, respect for human rights and anti-corruption and bribery. Furthermore, the Group is determined to ensure a safe and healthy working environment and has consideration for environmental and climate conditions throughout its processes. Our Management is a key part of all significant decisions on all above-mentioned areas, which is demonstrated in internal as well as external initiatives.

In 2021, the Group signed a commitment to the UN to implement the 10 Global Compact Principles in the strategy, culture, and day-to-day operations of the Group and to report progress to the UN and the general public annually. A key lever for implementing these principles is through the supplier code of conduct, where 44% have signed by year end. 100% of suppliers are targeted to have signed the supplier code of conduct by 2025.

The Group has also issued a general Code of Conduct, on which 91% of all employees had received training during the year. This is repeated annually to ensure strong awareness and compliance.

An ESG policy was implemented, which defines the framework and scope for sustainability. Impact on the climate and the environment are very closely related, and the impact is mainly through produced equipment and the use of this equipment by the customers in their recycling activities. Carbon footprint has been an important focal point, and carbon emission per machine was reduced by 10% compared to 2022. Further reductions are expected going forward. Carbon handprint at the customers is not yet measured but planned to be included over the coming 1-2 years.

The Group has started to implement the EU CSR Directive and is performing a double materiality assessment with its key stakeholders, which will define the scope of the work and reporting in the coming year.

There is also a third-party policy in place to ensure due diligence with regards to i.e. sanctions, fraud and bribery and compliance sign-off by the third party. During 2023, several new partners were onboarded, and recertification of existing partners was performed. This is expected to continue during the coming years as more partners are on-boarded and existing partners are recertified every 3rd year.

The Group has focus on social responsibility, which is an integrated part of its business model, as the Group operates within Greentech, where it contributes heavily to waste recycling. We have conducted a thorough risk assessment of our business model and did not find any material risks within the areas of environment and climate, social and employee conditions and respect for human rights.

Statutory statement regarding the underrepresented gender in accordance with the section 99b of the Danish Financial Statements Act

The Group acknowledges that diversity within Management and employees is a strength, and as a part of this, gender equality contributes to business development. Achieving a target of 25% for the underrepresented gender in the Board of Directors has been set out as the ambition before 2027. At present, there are six members of the Board of Directors, and the number of members was increased by one member from the underrepresented gender.

We are also considering diversity in other management levels than the Board of Directors. The long-term aim is that Group Management is to reflect the employee base of the Group.

Management's review

Operating review

The share of the underrepresented gender in Group Management was 17% during the year. The share is unchanged, as there were very few changes in Management, and the most suitable candidate for open positions was not from the underrepresented gender.

To foster a balanced share of female executives, the Group's recruitment strategy follows principles which rely on the considerations that employees, including executives, are always hired and promoted based on professional and personal competencies.

	2023	2024	2025	2026	2027
Top management					
Number of members	6				
Underrepresented gender	17%				
Target	25%				
Target year	2026				
Management team and next-level managers					
Number of members	23				
Underrepresented gender	17%				
Target	24%				
Target year	2027				

Data ethics

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

The Group has not implemented a policy for data ethics due to the limited-to-no usage of data towards citizens.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2023.

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

Income statement

		Group		Parent Company	
EUR'000	Note	2023	2022	2023	2022
Revenue	2	69,548	65,846	0	0
Production costs		-47,668	-44,939	0	0
Gross profit		21,880	20,907	0	0
Distribution costs		-7,872	-7,421	0	0
Administrative expenses		-13,098	-12,347	-1,366	-1,107
Other operating income		42	0	768	706
Profit/loss before financial income and expenses		952	1,139	-598	-401
Income from equity investments in group entities		0	0	2,688	0
Other financial expenses		-2,037	-1,276	-1,004	-439
Profit/loss before tax		-1,085	-137	1,086	-840
Tax on profit/loss for the year		-459	-468	361	184
Profit/loss for the year	3	-1,544	-605	1,447	-656

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

Balance sheet

		Group		Parent Company	
EUR'000	Note	31/12 2023	31/12 2022	31/12 2023	31/12 2022
ASSETS					
Fixed assets					
Intangible assets	4				
Completed development projects		2,192	2,177	0	0
Goodwill		23,227	26,188	0	0
Patents		0	0	0	0
Other intangible assets		8,258	9,723	0	0
		33,677	38,088	0	0
Property, plant and equipment	5				
Land and buildings		3,537	3,670	0	0
Plant and machinery		1,522	71	0	0
Fixtures and fittings, tools and equipment		50	95	0	0
Leases and right-of-use assets		122	185	0	0
		5,231	4,021	0	0
Investments					
Equity investments in subsidiaries	6	0	0	51,416	51,416
Total fixed assets		38,908	42,109	51,416	51,416
Current assets					
Inventories					
Raw materials and consumables		10,131	18,698	0	0
Work in progress		2,454	4,707	0	0
Finished goods and goods for resale		7,825	3,067	0	0
		20,410	26,472	0	0
Receivables					
Trade receivables		10,490	10,610	0	0
Receivables from group entities		0	0	101	374
Other receivables		696	1,729	0	0
Tax receivables		0	0	476	186
		11,186	12,339	577	560
Cash at bank and in hand		0	2,124	16	21
Total current assets		31,596	40,935	593	581
TOTAL ASSETS		70,504	83,044	52,009	51,997

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

Balance sheet

EUR'000	Note	Group 31/12 2023	Group 31/12 2022	Parent Company 31/12 2023	Parent Company 31/12 2022
EQUITY AND LIABILITIES					
Equity					
Contributed capital	7	6	6	6	6
Reserve for development costs		1,139	891	0	0
Retained earnings		29,939	34,331	31,486	32,639
Proposed dividends for the financial year		2,600	0	2,600	0
Total equity		33,684	35,228	34,092	32,645
Provisions					
Provisions for deferred tax	8	2,144	2,541	0	0
Other provisions	9	896	781	0	0
Total provisions		3,040	3,322	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	10				
Other payables		615	618	0	0
Lease obligations		48	84	0	0
Payables to credit institutions		15,000	17,000	15,000	17,000
		15,663	17,702	15,000	17,000
Current liabilities other than provisions					
Current portion of non-current liabilities	10	2,075	2,097	2,000	2,000
Payables to credit institutions		1,431	0	0	0
Prepayments received from customers		4,347	4,359	0	0
Trade payables		5,897	12,954	1	66
Other payables		2,974	6,814	916	286
Tax payables		761	568	0	0
Deferred income	11	632	0	0	0
		18,117	26,792	2,917	2,352
Total liabilities other than provisions		33,780	44,494	17,917	19,352
TOTAL EQUITY AND LIABILITIES		70,504	83,044	52,009	51,997

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

Statement of changes in equity

	Group				
EUR'000	Contri-buted capital	Retained earnings	Reserve for deve-lopment costs	Proposed dividends for the financial year	Total
Equity at 1 January 2023	6	34,331	891	0	35,228
Transferred over the distribution of loss	0	-4,392	248	2,600	-1,544
Equity at 31 December 2023	6	29,939	1,139	2,600	33,684

	Parent Company			
EUR'000	Contri-buted capital	Retained earnings	Proposed dividends for the financial year	Total equity
Equity at 1 January 2023	6	32,639	0	32,645
Transferred over the profit appropriation	0	-1,153	2,600	1,447
Equity at 31 December 2023	6	31,486	2,600	34,092

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

Cash flow statement

EUR'000	Note	Group 2023	Group 2022
Profit/loss for the year		-1,544	-605
Depreciation, amortisation and impairment losses		5,216	5,482
Other adjustments of non-cash operating items	17	2,611	1,851
Cash generated from operations before changes in working capital		6,283	6,728
Changes in working capital	18	-3,056	-10,875
Cash generated from operations		3,227	-4,147
Interest expense		-2,037	-1,276
Corporation tax paid		-664	140
Cash flows from operating activities		526	-5,283
Acquisition of intangible assets		-476	-418
Disposal of intangible assets		11	0
Acquisition of property, plant and equipment		-1,579	-44
Disposal of property, plant and equipment		28	95
Adjustment to cost price of investment in subsidiary		0	698
Cash flows from investing activities		-2,016	331
External financing:			
Increase in payables to credit institutions		0	41
Decrease in payables to credit institutions		-2,000	-1,000
Cash flows from financing activities		-2,000	-959
Cash flows for the year		-3,490	-5,911
Cash and cash equivalents at the beginning of the year		2,124	8,076
Unrealised exchange regulations		-65	-41
Cash and cash equivalents at year end		-1,431	2,124

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

Notes

1 Accounting policies

The annual report of M&J Recycling Group ApS for 2023 has been prepared in accordance with the provisions applying to reporting class C large-sized entities under the Danish Financial Statements Act.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, M&J Recycling Group ApS, and subsidiaries in which M&J Recycling Group ApS directly or indirectly holds more than 50% of the votes or in some other way exercises control over. A group chart is included on page 7.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Foreign currency translation

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

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

Upon recognition of foreign subsidiaries which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

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

Notes

1 Accounting policies (continued)

Income statement

Revenue

The Company has chosen IFRS 15 as the basis of interpretation for revenue recognition.

Some contracts contain several performance obligations to which the transaction price is to be allocated.

Revenue from sale of services, spare parts and finished goods is recognised in the income statement if supply and control transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Service sales, which include installation, service and maintenance agreements and extended warranties regarding sold products, are recognised in the income statement over the term of the agreement (over time) as the agreed services are provided.

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

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. This includes direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

Distribution costs

Distribution costs comprise costs incurred to distribute goods sold during the year and to conduct sales campaigns, etc., including costs relating to sales staff, advertising and exhibitions as well as depreciation.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including costs relating to administrative staff, management, office premises, office costs, amortisation and depreciation.

Other operating income

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

Income from equity investments in group entities

Dividends from subsidiary are recognised in the financial year when the dividends are declared.

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

Notes

1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividends exceed profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax 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 used the losses to reduce their own taxable profit.

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

Balance sheet

Intangible assets

Completed development projects

Development costs comprise costs, including wages and salaries, and amortisation, which directly or indirectly can be related to the company’s development activities and which fulfil the criteria for recognition.

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

Capitalised development costs are amortised on a straight-line basis over the estimated useful life after completion of the development work. The amortisation period is normally 5 years.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

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

Notes

1 Accounting policies (continued)

Patents and other intangible assets

Patents, licences, and other trademarks are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences and other trademarks are amortised over the contract period. The amortisation period is between 5 and 15 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 10 years.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

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

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

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

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

Buildings	25 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	4-5 years

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

Land is not depreciated.

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Leases and right-of-use assets

Leased assets and lease commitments are recognised in the balance sheet when the leased asset under a lease entered into regarding a specific identifiable asset is made available to the Company in the lease term, and when the Company in this connection obtains the right to almost all economic benefits from the use of the identified asset and the right to control the use of the identified asset.

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

Notes

1 Accounting policies (continued)

On initial recognition, lease commitments are measured at the present value of the future lease payments discounted by an incremental borrowing rate. The following lease payments are recognised as part of the lease commitment:

Operating equipment	3-5 years

The Company has chosen to present leased assets and lease commitments as separate line items in the balance sheet.

The Company has generally chosen to apply the practical exemptions IFRS 16 so that low-value and short-term leases are not recognised in the balance sheet. Instead, related lease payments are recognised on a straight-line basis as other external costs in profit or loss. The Company has also chosen not to recognise service elements in the capitalised value of lease commitments and leased assets. Service elements are therefore recognised as other external costs in profit or loss on an ongoing basis.

Investments

Equity investments in subsidiaries are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Indication of impairment exists if distributed dividends exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Impairment of fixed assets

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

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

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

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Inventories

Inventories are measured at cost in accordance with the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

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

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

Notes

1 Accounting policies (continued)

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

Receivables

Receivables are measured at amortised cost.

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

The Company has chosen IFRS 9 as the basis of interpretation for impairment of financial receivables.

Equity

Dividends

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

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Provisions

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

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

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

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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

Notes

1 Accounting policies (continued)

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

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

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

The liability in relation to frozen holiday funds is measured at net realisable value, including indexation. Indexation adjustments are recognised as interest expense in the income statement.

Other liabilities are measured at amortised cost.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and divestment of entities is shown separately in cash flows from investing activities. Cash flows relating to acquired entities are recognised in the cash flow statement from the date of acquisition, and cash flows relating to divested entities are recognised up to the date of divestment.

Cash flows from operating activities

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

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities, intangible assets, property, plant and equipment and investments.

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

Notes

1 Accounting policies (continued)

Cash flows from financing activities

Cash flows from financing activities comprise changes in size or composition of the Company's share capital and costs in this respect as well as raising of loans, instalments on interest-bearing debt and distribution of dividends to owners.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Segment information

Segment information is provided on business segments and geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

2 Revenue

	Group	
EUR'000	2023	2022
Business segments		
Sale of machinery	47,198	42,975
Sale of OEM parts	22,350	22,871
	69,548	65,846
Geographical markets		
Europe, Middle East, and Africa (EMEA)	39,613	36,585
Other countries (RoW)	29,935	29,261
	69,548	65,846

3 Proposed profit appropriation/distribution of loss

	Group		Parent Company	
EUR'000	2023	2022	2023	2022
Reserve for development costs	248	90	0	0
Retained earnings	-4,392	-695	-1,153	-656
Proposed dividends for the financial year	2,600	0	2,600	0
	-1,544	-605	1,447	-656

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

Notes

4 Intangible assets

	Group				
EUR'000	Comple-ted develop-ment projects	Goodwill	Patents	Other intangible assets	Total
Cost at 1 January 2023	2,892	29,610	2,174	11,310	45,986
Additions for the year	476	0	0	0	476
Disposals for the year	-11	0	0	0	-11
Cost at 31 December 2023	3,357	29,610	2,174	11,310	46,451
Amortisation and impairment losses at 1 January 2023	-715	-3,422	-2,174	-1,587	-7,898
Amortisation for the year	-450	-2,961	0	-1,465	-4,876
Amortisation and impairment losses at 31 December 2023	-1,165	-6,383	-2,174	-3,052	-12,774
Carrying amount at 31 December 2023	2,192	23,227	0	8,258	33,677

Completed development projects

Since 2020, the Company has capitalised costs including IPO for new prototypes. The costs are amortised over the useful life of the assets, which is estimated at five years.

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

Notes

5 Property, plant and equipment

	Group				
EUR'000	Land and buildings	Plant and machi-nery	Fixtures and fittings, tools and equip-ment	Leases and right-of-use assets	Total
Cost at 1 January 2023	4,186	2,438	346	514	7,484
Additions for the year	0	1,575	0	4	1,579
Disposals for the year	0	-331	-69	-28	-428
Cost at 31 December 2023	4,186	3,682	277	490	8,635
Depreciation and impairment losses at 1 January 2023	-516	-2,367	-251	-329	-3,463
Depreciation for the year	-133	-124	-45	-39	-341
Depreciation on disposals for the year	0	331	69	0	400
Depreciation and impairment losses at 31 December 2023	-649	-2,160	-227	-368	-3,404
Carrying amount at 31 December 2023	3,537	1,522	50	122	5,231

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

Notes

6 Investments

	Parent Company	
EUR'000	2023	2022
Cost at 1 January	51,416	52,114
Adjustment to cost price	0	-698
Carrying amount at 31 December	51,416	51,416

Name/legal form	Registe-red office	Equity interest	Equity	Profit/loss for the year
			EUR'000	EUR'000
Subsidiaries:				
M&J Denmark A/S	Denmark	100%	22,132	4,408
M&J Denmark Properties ApS*	Denmark	100%	3,078	206
M&J USA Inc.*	USA	100%	132	97
M&J Technology Environmental Equipment (Shanghai) Co., Ltd*	China	100%	169	-19
M&J Germany GmbH*	Germany	100%	55	10
			25,566	4,702

*Indirect ownership by M&J Recycling Group ApS

7 Equity

Contributed capital consists of:

A shares, 6,380 shares of nom. EUR 1 each

All shares rank equally.

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

Notes

8 Deferred tax

EUR'000	Group 31/12 2023	Parent Company 31/12 2023
Deferred tax at 1 January	2,541	0
Deferred tax adjustment for the year in the income statement	-397	0
	2,144	0

9 Other provisions

The Company provides one-year warranties on certain products and is obliged to repair or replace products failing to meet satisfactory standards. Other provisions for liabilities consist of EUR 896 thousand (2022: EUR 781 thousand) as accrued for expected warranty claims based on experience from a historic level for repairs and returned goods.

10 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

EUR'000	Group 31/12 2023	Parent Company 31/12 2023
Lease obligations:		
0-1 years	75	0
1-5 years	48	0
	123	0
Other payables:		
1-5 years	615	0
Payables to credit institutions:		
0-1 years	2,000	2,000
1-5 years	15,000	15,000
	17,000	17,000

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

Notes

11 Deferred income

Deferred income of DKK 632 thousand (2022: DKK 0 thousand) comprise payments received from customers that cannot be recognised until the subsequent financial year.

	Group		Parent Company	
EUR'000	2023	2022	2023	2022
12 Staff costs				
Wages and salaries	11,530	11,608	623	686
Pensions	961	919	66	57
Other social security costs	332	271	0	1
	12,823	12,798	689	744
Average number of full-time employees	149	140	2	2

Staff costs of the Group and the Parent Company include remuneration of the Parent Company's Executive Board and Board of Directors, EUR 689 thousand (2022: EUR 744 thousand).

13 Fees to auditor appointed at the general meeting

	Group		Parent Company	
EUR'000	2023	2022	2023	2022
Statutory audit services	53	43	19	8
Tax assistance	3	4	1	1
Non-audit services	13	8	9	4
	69	55	29	13

14 Contractual obligations, contingencies, etc.

Contingent liabilities

Group

As of the balance sheet date, the Company does not have any operating lease contracts not recognised in the balance sheet.

Bank guarantees provided to customers and suppliers amount to EUR 3,650 thousand (2022: EUR 5,392 thousand).

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

Notes

14 Contractual obligations, contingencies, etc. (continued)

Parent Company

The Group's Danish entities are jointly and severally liable for tax on the Group's jointly taxed income and for certain withholding taxes such as dividend tax and royalty tax. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

15 Collateral

Parent Company

For the Company's outstanding balance with credit institutions, the Company has provided collateral in shares in the subsidiary M&J Denmark A/S with a carrying amount of EUR 51,416 thousand as of 31 December 2023. Debt amounted to EUR 17,000 thousand as of 31 December 2023.

16 Related party disclosures

M&J Recycling Group ApS' related parties comprise the following:

Control

Ahlstrom Capital B.V.
Heliconweg 52
Leeuwarden
8914AT
The Netherlands

M&J Recycling Group ApS is part of the consolidated financial statements of A. Ahlstrom Oy , Eteläesplanadi 14, 00130 Helsinki, Finland, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of A. Ahlstrom Oy. can be obtained by contacting the company at the above address.

Related party transactions

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 12.

Receivables and payables to Group entities are disclosed in the balance sheet.

Purchases of services from Parent Company amounts to EUR 511 thousand.

The Parent Company has chosen not to disclose transactions with fully-owned subsidiaries in accordance with section 98c(3) of the Danish Financial Statements Act.

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

Notes

		Group	
	EUR'000	2023	2022
17	**Other adjustments**		
	Financial expenses	2,037	1,276
	Tax on profit/loss for the year	459	468
	Provisions	115	107
		2,611	1,851

		Group	
	EUR'000	2023	2022
18	**Changes in working capital**		
	Change in inventories	6,060	-13,807
	Change in receivables	1,153	-2,788
	Change in trade and other payables	-10,269	5,720
		-3,056	-10,875

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