

Andritz Feed & Biofuel A/S

Glentevej 5-7, 6705 Esbjerg Ø

Company reg. no. 43 85 44 10

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 22 June 2023.

Stefan Weber
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Executive Board have approved the annual report of Andritz Feed & Biofuel A/S for the financial year 1 January - 31 December 2022.

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

We consider the chosen accounting policy to be appropriate, and 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 true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Esbjerg, 22 June 2023

Executive board

Stefan Weber

Shivakumar Chandrappa
Kuppenahalli

Board of directors

Dietmar Heinisser

Michael Rolf Lierau

Martin Schöberl

Dina Jensen

Rikke Brooke Rasmussen

Independent auditor's report

To the Shareholders of Andritz Feed & Biofuel A/S

Opinion

We have audited the financial statements of Andritz Feed & Biofuel A/S for the financial year 1 January – 31 December 2022 comprising 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 Company's assets, liabilities and financial position 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 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.

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

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, that 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.

Independent auditor's report

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 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 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.
- 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 disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

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

Statement on Management'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.

Fredericia, 22 June 2023

KPMG P/S

State Authorized Public Accountant
Company reg. no. 25 57 81 98

Michael Lund Siegumfeldt

State Authorised Public Accountant
mne28662

Company information

The company

Andritz Feed & Biofuel A/S

Glentevej 5-7

6705 Esbjerg Ø

Company reg. no. 43 85 44 10

Established: 8 September 1964

Domicile: Esbjerg

Financial year: 1 January 2022 - 31 December 2022

Board of directors

Dietmar Heinisser

Michael Rolf Lierau

Martin Schöberl

Dina Jensen

Rikke Brooke Rasmussen

Executive board

Stefan Weber

Shivakumar Chandrappa Kuppenahalli

Auditors

KPMG P/S

Statsautoriseret revisionspartnerselskab

Vesterballevej 27, 2

7000 Fredericia

Financial highlights

DKK in thousands.

Income statement:

	2022	2021	2020	2019	2018
Revenue	564.180	377.749	404.612	397.796	382.313
Gross profit	69.594	51.664	51.096	27.396	54.101
Operating profit/loss	26.487	17.065	10.049	-30.057	-6.314
Net financials	1.655	-3.405	-223	-3.108	-1.393
Net profit or loss for the year	31.296	12.693	9.974	-30.313	-7.834

Statement of financial position:

Balance sheet total	332.737	288.591	239.449	262.874	275.974
Investments in property, plant and equipment	3.050	2.120	1.543	4.305	775
Equity	68.388	37.781	24.740	-15.034	14.780

Key figures in %:

Gross margin ratio	12,3	13,7	12,6	6,9	14,2
Net margin	7,5	3,4	2,5	-7,6	-2,0
Equity ratio	20,6	13,1	10,3	-5,7	5,4
Return on equity	59,0	40,6	205,5	-	-41,4

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The comparative figures for 2018 have not been restated. The comparative figures for these years have been stated in accordance with IAS 17.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Gross margin ratio} = \frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$$

$$\text{Net Margin} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Revenue}}$$

$$\text{Equity ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$

Management's review

Primary activities

ANDRITZ Feed & Biofuel A/S develops and supplies machines and process systems for the industrial production of animal feed, pet food, fish feed, biofuel and waste industry. This comprises unit equipment for grinding and mixing, expanding, pelleting, extruding, cooling, vacuum coating and drying, as well as complete feed mill and biofuel lines.

Development in activities and financial matters

The annual revenue amounts to DKK 564,2 million against DKK 377,7 million previous year. The result amounts to a profit of DKK 31,3 million against a profit of DKK 12,7 million previous year. The result of the year is considered satisfactory by management as it exceeds the set expectations for the year of a profit of DKK 20-25 million.

The strong 2022 results against both budget and 2021 was the consequence of a growing business across both the Capital and the Aftermarket segments. The Capital order intake grew by 28 % compared to 2021 and was positively impacted by the Havsbrun aqua feed project on the Faroe Islands – this is the biggest project in the history of the company.

The Aftermarket order intake grew by 15 % compared to 2021 and showed stable performance across the year and outperformed the budget by 24 %. The aftermarket business was dominated by European activities but supported by growth in other regions as well.

Despite a challenging global supply chain situation resulting in increasing prices and extended lead times, the business result has showed good resilience and the profitability of both the Capital and Aftermarket business have improved in 2022 compared to 2021 - 2021 was already the highest for multiple years. The improved profitability is - besides the growth in order intake and sales - the result of keeping cost levels under control by being cost conscious while growing the business, efficient project execution and strong business operations across the company.

The above has in combination led to the strongest result for ANDRITZ Feed & Biofuel A/S for the last 12 years.

Outlook

For the year 2023 the management team remains positive with regards to the overall development of the company. The backlog from 2022 will provide a strong foundation for continued growth in 2023, but further order intake to grow the backlog is required to support the growth agenda of the company. The existing backlog and forecasted order intake will along with the improved gross margins and cost consciousness enable a strong 2023 financial result as well.

During 2021 and early 2022 the company invested into developing the markets in Ukraine and CIS countries; those investments were due to pay off during 2022 and the following years, but with the Russian/Ukraine crisis these activities have largely been put on hold.

Management's review

ANDRITZ Feed & Biofuel A/S builds a corner stone of the revised overall Feed and Biofuel strategy, under which we are aiming to double order intake within a period of 4 years, shifting focus towards plant solutions and increasing the profitability within the area of both Capital and Aftermarket. Despite the Russian/Ukraine crisis and ongoing uncertainties within the global supply chain, the company is raising the 2023 profit target for a result between 40-45 million DKK.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Particular risks

Operations

The key operating risks relate to the time as well as the cost realization of our capital project completion. This is mitigated by means of structured management of all projects to complete all backlog projects within the revised project estimates and schedule.

Market risks

The key market risks relate to continued development of products and services to meet market requirements in our business segments. This is ensured through continues dialogue with key customers as well as continued improvement and development in relevant technological areas, including through research and development activities.

Currency exposure

The Company primarily invoices in DKK, EUR and USD. In accordance with the Company's monetary policy significant currency risks are covered at entering of forward contracts for the part that are not DKK or EUR related.

Interest risks

As the net interest-bearing debt is primarily provided through Group credit facilities, the company does not enter into transactions to hedge against interest rate exposure.

Credit risks

According to the company's policy for assuming credit risks, all customers and business partners are credit rated regularly.

Research and development activities

The research and development activities of 2022 have been concentrated on increasing the competitiveness of the product assortment and on cost reduction of the material cost of the existing product program. The development activities in 2022 amounted to DKK 15,2 million compared to DKK 10,3 million in the previous year. All development costs are taken to the profit and loss account.

Statutory report on corporate social responsibility

This section on corporate social responsibility is included in accordance with the Danish Financial Statements Act, § 99a.

Management's review

Sustainability has always been an important part of ANDRITZ's corporate policy. Many areas like Health and Safety, compliance and environmental impact have already been covered very actively for years. In 2021, a global Andritz strategy and target setting in the areas of ESG was developed and is being implemented since 2022 for Andritz Feed and Biofuel A/S.

For a description of ANDRITZ Feed & Biofuel's business model, please see above under "Primary activities".

Health, Safety and Environment (HSE)

ANDRITZ Feed & Biofuel pursues Zero accident strategy, ensuring Accident-Free environment with focus on "Safety First" and to develop a safety and environmental culture & awareness with zero accidents and a sustainable footprint.

Several HSE targets are already in place and the company is well on its way to achieve the mid-term targets set forth by the ANDRITZ group. The company continues to improve the underlying business processes and have in 2023 passed the ISO14001 and ISO45001 audits to add those to the already implemented ISO9001 standard as well as strengthened the HSE organizational setup.

The general HSE concept policy is:

- We will conduct our daily business while observing highest possible health & safety standards for all our employees, customers, and other business partners.
- We will conduct our daily business with a minimum harm to the environment.
- We will proactively engage all our employees and other key stake holders in identifying, preserving as well as eliminate HSE risks.

The policies are implemented by:

- We identify the hazards created by our activities, such as employee safety and health risks and implement preventive control measures so far as reasonably practicable to minimize such risks.
- Effective health and safety management requires communication, co-ordination, and supervision including regular safety walks. We coordinate our health and safety activities with our partners and customers.
- Our executives set examples for good health and safety practice and promote health and safety awareness to all our employees, in support of this, we provide adequate resource and training. All employees and contract personnel must contribute to health and safety matters, observe health and safety instructions and use the safety equipment provided.
- We contribute to the stability of our business results by acting in compliance with health and safety legislation, minimizing risks to people, plants, and products and by being proactive in the prevention of accidents and incidents.

Management's review

In 2022, the Accident Frequency Rate (AFR) with absence more than 1 day has been zero, meaning that 2022 was another year without any accidents and in June 2023 the company reached more than 1800 days without accidents.

In 2023 we will continue with the work mentioned above and continuously look for further improvements to decrease our impact within the area of Health, Safety and Environment (HSE).

Recruitment, training and retainment

The business is largely based on the sale, execution and servicing of machines based on own technology and there is a constant requirement for attracting, developing, and retaining qualified employees. This is ensured through policies and procedures for Recruitment, Goal setting & Performance Evaluation, Succession Planning and Competency Development. The Performance Evaluation is an annual process to connect the past, present, and future by defining and agreeing on goals, job-specific competencies, and an individual development plan. The dialogue between manager and employee is to establish a common understanding about what is expected of the employee, what does good performance look like and how the employee can and should develop. The employee receives feedback, and career aspirations are being discussed. This ensures close alignment between manager and employee, and a continuous focus on individual development and learning. Individual development happens through on-the-job learning, e.g., with new tasks and projects, mentoring by more experienced colleagues, and actual training (e-learning and classroom training). All these measures are important for our employees to be able to perform even better in their roles and to prepare them for future tasks and opportunities. The focus on individual development is one key driver to ensure high engagement and job satisfaction amongst the employees, as well as a high business performance. This will eventually lead to less voluntary turnover and higher retention.

Climate/environment

The company is aware that its business presents a risk to the climate/environment, which is addressed by continuously having focus on reducing the adverse impact on the environment when selecting materials, energy and other resources, technologies, and working processes.

The below standing actions have been implemented to mitigate identified risks within the area of climate/environment:

- Obtaining and maintaining the required permits and licenses and complying with the reporting requirements set forth therein.
- Endeavoring to avoid or reduce waste or emissions resulting from our business activities and disposing of waste in a legal and responsible manner.
- Installing an environmental management system (e.g., ISO 14001 or equivalent) at our worksites to make sure that measures are implemented to protect the environment and to be compliant in all processes concerned.
- Reporting any environmental incidents to the manager of the site where the incident occurred and, if necessary, to the applicable ANDRITZ business unit manager

In 2020 ANDRITZ Feed & Biofuel defined environmental goals to be reached before end of 2025, with 2019 as base:

Management's review

- Reduce Green House Gas emissions (scope 1 and 2) by 50%
- Reduce water consumption by 10%
- Reduce waste consumption by 10%
- Increase share of use of green products by 50%

For the years 2021 to 2023 the company has entered an agreement with our electricity provider to buy only carbon neutral electricity from Wind Power. In 2022 2 out of 4 new or replaced company cars were electric cars, thereby reaching our target of 50% of the company cars to be replaced in 2022 to be plug-in hybrid or electric cars. In 2023 already 5 out of 8 new or replaced cars have been ordered as electric or plug-in hybrid cars. Legal requirement for waste sorting has been implemented to reach our waste consumption target. In several office areas we have switched from old light systems to new environmentally friendly LED systems.

In 2023 we will continue with the work mentioned above and continuously look for further improvements to decrease our impact on the climate/environment.

Human Rights

The company treats each other with respect, dignity, and fairness. This includes protecting human rights in the business activities and ensuring healthy working conditions in line with laws and internationally applicable standards. The company therefore endeavors to enhance compliance with best practices (such as those set forth by ILO, OECD Guidelines for Multinational Enterprises, UN Global Compact Initiative or the Global Reporting Initiative).

We have identified the primary risk within Human Rights to be related to Third parties located in other regions, based on difference in culture, legislation etc.

The below standing actions have been implemented to mitigate identified risks within the area of human rights:

- Not be complicit in human rights violations within our sphere of influence.
- Not practice any form of discrimination in hiring or employment practices on the grounds of race, color, ethnic origin, religion, nationality, gender, sexual orientation, age, physical ability, health condition, political or social opinion, union membership, or marital status or any other basis prohibited by applicable law.
- Not engage in or benefit from any form of forced or involuntary labor.
- Not engage in or benefit from any form of child labor.
- Recognize and respect the employees' right of free association and to collective bargaining.
- Ensure that the workplace is safe and contains no health hazards.
- Pay all workers at least the minimum wage required by law or applicable industry regulations.
- Ensure that employment conditions, including vacation, working time, and leave periods, are consistent with mandatory standard laws or applicable industry regulations.

Management's review

In 2022, ANDRITZ Feed & Biofuel has continued to board and train existing and new suppliers to ensure compliance with human rights requirements and currently 82% of our suppliers have been boarded. It is mandatory for the employees to complete various eLearning programs covering basic compliance, Data protection, Preventing Fraud, our Code of Conduct and Ethics as well as Suppliers Code of Conduct and Ethics. The response rate reached 94% on eLearning programs, which is a small decrease to the previous year.

In 2022 no violations to this policy were reported.

In 2023 we will continue with the work mentioned above and continuously look for further opportunities to positively impact the area of Human Rights.

Anti-corruption and bribery

The company is committed to conduct its business with integrity and in compliance with legal requirements by adhering to applicable laws and international standards of business ethics.

We have identified the primary risk within Anti-corruption and bribery to be related to Third parties located in other regions, based on difference in culture, legislation etc.

The below standing actions have been implemented to mitigate our identified risks within the area of anti-corruption and bribery:

- We comply with all applicable laws and regulations in the countries where we conduct business.
- We do not engage in or tolerate any form of corruption, bribery, extortion, or embezzlement, in particular, we do not directly or indirectly engage in or tolerate any form of granting a payment or anything of value in favor of government officials and employees of business partners with the purpose of influencing decision-making in violation of the law. In particular, our acts are compliant with the principles set forth by OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and corresponding other local laws prohibiting bribery. This means that our employees, directors, and those acting on behalf of ANDRITZ do not offer, promise, give, or authorize any sort of bribe or kickback in order to obtain or retain business or any improper business advantage.
- we comply with antitrust and fair competition laws, in particular our employees, directors and those acting on behalf of ANDRITZ do not discuss topics that could violate, or appear to violate, competition laws by price-fixing; terms of sale; bid-rigging; division of markets, territories or customers; tying and bundling products; using deceptive trade practices; or abusing a dominant market position.

Management's review

- we avoid conflicts of interest, in particular by disclosing any financial interest that an ANDRITZ employee may have in a supplier, and by not accepting or asking for, directly or indirectly, any benefit from a supplier of ANDRITZ with a view to granting business with ANDRITZ. We do not allow third parties and suppliers to influence or attempt to influence ANDRITZ employees or their family members by providing them with gifts, favors, entertainment, personal benefits, or preferential treatment that is beyond a modest and/or reasonable dimension and which cannot clearly be considered a culturally acceptable display of business manners or mere hospitality. Otherwise, no gift or favor shall be accepted that could be interpreted as being intended or is intended to influence the objective decision-making process by our employees, directors or those acting on behalf of ANDRITZ.
- we comply with insider trading rules. ANDRITZ AG is a publicly traded company on the Vienna Stock Exchange. While working with any company of the ANDRITZ GROUP, you may occasionally have access to non-public “inside” information about ANDRITZ and the companies with which we do business. If such non-public information about ANDRITZ or its business partners would be considered by a reasonable investor in deciding whether to buy, sell or hold stock of these companies, it is considered to be material non-public (or “insider”) information. Buying or selling securities, such as stock or options, on the basis of insider information is a violation of the law on securities and is strictly prohibited. Disclosure of insider information is therefore prohibited, unless required by law (usually done in form of public announcements by the Group Management).
- we do not engage in a political activity on behalf of ANDRITZ. We respect the right of each of us to participate in political activities; however, any decision to be involved in such activity is entirely a personal and voluntary one. At all times we must make it clear that our political views are our own personal views and not those of the Company. Strict limits on corporate political activity mean that employees may not make any direct or indirect political contribution on behalf of ANDRITZ or with company funds. In general, as a company, we do not engage in donations or sponsoring. Requests for exceptions for special cases will be directed to the ANDRITZ AG Executive Board for approval and must follow legal regulations.
- we will not be complicit in money laundering schemes. We need to remain alert with regard to payments relating to our business that come from unidentified sources or unrecognized bank accounts, or bank accounts unrelated to the paying party, or that are not aligned with amounts we are expecting to receive in payment.

In 2022, ANDRITZ Feed & Biofuel has continued to board and train existing and new suppliers to ensure compliance with anti-corruption and bribery and currently 82% of our suppliers have been boarded. It is mandatory for the employees to complete various eLearning programs covering basic compliance, Data protection, Preventing Fraud, our Code of Conduct and Ethics as well as Suppliers Code of Conduct and Ethics. The response rate reached 94% on eLearning programs, which is a small decrease to the previous year.

Management's review

In 2022 no violations to this policy were reported.

In 2023 we will continue with the work mentioned above and continuously look for further opportunities to positively impact the area of Anti-corruption and bribery.

More information on the ANDRITZ can be found on the group's homepage:

<https://www.andritz.com/resource/blob/25030/9c26fdd92880a7a1adda040484a05687/gr-code-ofbusiness-conduct-and-ethics-v01-en-data.pdf>

Statement of data ethics

This section on data ethics is included in accordance with the Danish Financial Statement Act, §99d.

The processing of personal data is not a critical part of and neither closely linked to the company's business activities. As a B2B company with very few transactions with private customers, the company only processes personal data in respect of customers and suppliers to a very limited extent – and only for customer/supplier administration purposes. The processing of personal data mainly relates to the internal activities involving employees' personal data for HR administration purposes.

Thus, the company does not use data to track movements or consumer preferences of any private individuals, nor does the company use machine learning, AI or similar to profile customers, employees or other private individuals. Therefore, the company does not currently have a formal data ethics policy.

Statutory report on the underrepresented gender

This section on the underrepresented gender is included in accordance with the Danish Financial Statements Act, § 99b.

ANDRITZ Feed & Biofuel policy about diversity is laid out in the Code of Conduct. The company offers equal employment opportunities to qualified individuals, regardless of race, religion, national origin, age, sex, or disability, and works to maintain a diverse workforce where employees are hired, retained, compensated, developed, and promoted based on their contribution to our company and their performance.

The Board of Directors is composed of 5 members of which 3 are elected by the general assembly. It is the company's target to have both genders represented in the Board of Directors amongst the general assembly elected members. This was not achieved for 2022. The proportion of the underrepresented gender of the board members elected by the general assembly is therefore still 0% at 31.12.2022. The company is aiming to achieve a 33% representation of the underrepresented gender by then end of 2025. Our Board of Directors are elected by our parent company and therefore we have no influence in the selection of Board Members and this is the reason why our target has not yet been achieved. However, it will always be ensured that, regardless of gender, a board member has the necessary skills, and that election of board members is based on the skills that are needed. In 2022, 2 out of 2 of employee elected Board members were women.

Management's review

The company has 39% (2021: 41%) representation of the underrepresented gender for the other management levels, based on 7 (2021: 7) women out of total 18 (2021: 17) managers. The policy until now has aimed for at least a 40% representation of the underrepresented gender for the other management levels, which was unfortunately not reached in 2022. The company fully supports and encourages the appointment of women in all management positions, and this strong focus will continue. A strict equal opportunities policy is considered very important in the recruitment process and in the internal Succession Planning. In our efforts to promote female employees, the company will however refrain from any measures that would discriminate against male employees. The proportion of woman in the total workforce increased slightly to 26,7% as of December 31, 2022 (2021: 26,5%).

In 2023 we will continue with the work mentioned above and continuously look for further improvements to promote diversity in the organization.

Income statement 1 January - 31 December

DKK thousand.

Note	2022	2021
1 Revenue	564.180	377.749
Production costs	-494.586	-326.085
Gross profit	69.594	51.664
Distribution costs	-33.717	-27.488
Administration expenses	-11.770	-10.962
Other operating income	2.380	3.851
Operating profit	26.487	17.065
4 Other financial income	4.302	529
5 Other financial expenses	-2.647	-3.934
Financing, net	1.655	-3.405
Pre-tax net profit or loss	28.142	13.660
6 Tax on net profit or loss for the year	3.154	-967
7 Net profit or loss for the year	31.296	12.693

Balance sheet at 31 December

DKK thousand.

Assets			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Non-current assets			
8	Acquired concessions, patents, licenses, trademarks, and similar rights	65	136
	Total intangible assets	65	136
9	Property	27.650	29.136
9	Plant and machinery	777	952
9	Other fixtures and fittings, tools and equipment	4.042	3.503
9	Property, plant, and equipment under construction and prepayments for property, plant, and equipment	0	154
	Total property, plant, and equipment	32.469	33.745
10	Other receivables	11.826	15.746
	Total investments	11.826	15.746
	Total non-current assets	44.360	49.627
Current assets			
	Raw materials and consumables	56	68
	Work in progress	19.698	3.212
	Manufactured goods and goods for resale	62.437	47.125
	Prepayments for goods	7.286	1.353
	Total inventories	89.477	51.758
	Trade receivables	14.735	12.404
11	Contract work in progress	23.477	24.563
	Receivables from group enterprises	109.889	104.313
12	Deferred tax assets	5.826	1.889
13	Other receivables	3.901	4.201
14	Prepayments and accrued income	333	512
	Total receivables	158.161	147.882
	Cash on hand and demand deposits	40.739	39.324
	Total current assets	288.377	238.964
	Total assets	332.737	288.591

Balance sheet at 31 December

DKK thousand.

Equity and liabilities			
<u>Note</u>		<u>2022</u>	<u>2021</u>
Equity			
	Contributed capital	11.002	11.002
	Revaluation reserve	18.944	19.701
	Retained earnings	8.442	7.078
	Proposed dividend for the financial year	30.000	0
	Total equity	68.388	37.781
Provisions			
15	Other provisions	12.003	7.175
	Total provisions	12.003	7.175
Liabilities other than provisions			
	Lease liabilities	2.136	2.367
	Payables to subsidiaries	0	29.732
16	Total long term liabilities other than provisions	2.136	32.099
16	Current portion of long term payables	1.236	23.723
	Prepayments received from customers	4.223	1.129
11	Prepayments received from customers for contract work in progress	128.553	96.020
	Trade payables	39.330	29.401
	Payables to group enterprises	52.258	38.198
	Income tax payable	588	0
17	Other payables	23.875	22.929
18	Accruals and deferred income	147	136
	Total short term liabilities other than provisions	250.210	211.536
	Total liabilities other than provisions	252.346	243.635
	Total equity and liabilities	332.737	288.591
2 Employee issues			
3 Fees, auditor			
19 Contingencies			
20 Related parties			

Statement of changes in equity

DKK thousand.

	Contributed capital	Revaluation reserve	Retained earnings	Proposed dividend for the financial year	Total
Equity 1					
January 2022	11.002	19.701	7.078	0	37.781
Reversal of prior valuations	0	-757	757	0	0
Retained earnings for the year	0	0	1.296	30.000	31.296
Other entries on equity	0	0	-884	0	-884
Tax on entries on equity	0	0	195	0	195
	11.002	18.944	8.442	30.000	68.388

Notes

DKK thousand.

	2022	2021
1. Revenue		
Europe	314.564	195.054
Other world	249.616	182.695
	564.180	377.749

The distribution of revenue across business segments is, in accordance with the Danish Financial Statements Act section 96 (1), not disclosed, as information about this may cause material damage to the Company.

2. Employee issues		
Salaries and wages	81.293	75.624
Pension costs	5.197	4.630
Other costs for social security	1.306	1.265
	87.796	81.519
 Executive board	 16	 16
Board of directors	3.736	3.541
Executive board and board of directors	3.752	3.557
 Average number of employees	 123	 119

3. Fees, auditor

A statement of auditor's fees has not been elaborated in accordance with the Danish Financial Statements Act section 96(3).

4. Other financial income

Other interest income	431	1
Exchange differences	3.871	528
	4.302	529

Notes

DKK thousand.

	<u>2022</u>	<u>2021</u>
5. Other financial expenses		
Interest, group enterprises	694	2.181
Other financial expenses	456	320
Exchange differences	<u>1.497</u>	<u>1.433</u>
	<u>2.647</u>	<u>3.934</u>
6. Tax on net profit or loss for the year		
Tax on net profit or loss for the year	588	0
Adjustment of deferred tax for the year	<u>-3.742</u>	<u>967</u>
	<u>-3.154</u>	<u>967</u>
7. Proposed appropriation of net profit		
Dividend for the financial year	30.000	0
Transferred to retained earnings	<u>1.296</u>	<u>12.693</u>
Total allocations and transfers	<u>31.296</u>	<u>12.693</u>

Notes

DKK thousand.

8. Intangible assets

	Concessions, patents, licenses, trademarks, and similar rights acquired
Cost 1. januar 2022	<u>212</u>
Cost 31. december 2022	<u>212</u>
Depreciation and writedown 1. januar 2022	77
Årets afskrivninger	<u>70</u>
Depreciation and writedown 31. december 2022	<u>147</u>
Carrying amount 31. december 2022	<u>65</u>

Notes

DKK thousand.

9. Property, plant, and equipment

	<u>Property</u>	<u>Plant and machinery</u>	<u>Other Fixtures and fittings, tools and equipment</u>	<u>Property, plant and equipment under construction including prepayments for property, plant and equipment</u>
Cost 1. januar 2022	44.619	11.750	9.922	154
Additions during the year	80	223	2.747	0
Disposals during the year	<u>0</u>	<u>-1.292</u>	<u>-1.644</u>	<u>-154</u>
Cost 31. december 2022	<u>44.699</u>	<u>10.681</u>	<u>11.025</u>	<u>0</u>
Revaluation 1. januar 2022	<u>31.400</u>	<u>0</u>	<u>0</u>	<u>0</u>
Revaluatio 31. december 2022	<u>31.400</u>	<u>0</u>	<u>0</u>	<u>0</u>
Depreciation and writedown 1. januar 2022	46.882	10.798	6.420	0
Depreciation for the year	1.567	398	2.207	0
Reversal regarding disposals	<u>0</u>	<u>-1.292</u>	<u>-1.644</u>	<u>0</u>
Depreciation and writedown 31. december 2022	<u>48.449</u>	<u>9.904</u>	<u>6.983</u>	<u>0</u>
Carrying amount 31. december 2022	<u>27.650</u>	<u>777</u>	<u>4.042</u>	<u>0</u>
Carrying amount without revaluations	<u>4.010</u>			
Carrying amount of leased assets	<u>776</u>	<u>498</u>	<u>2.343</u>	

Notes

DKK thousand.

	<u>31/12 2022</u>	<u>31/12 2021</u>
10. Other receivables		
Cost 1 January 2022	15.746	18.810
Disposals during the year	-3.922	-3.050
Exchange rate adjustment	<u>2</u>	<u>-14</u>
Cost 31 December 2022	<u>11.826</u>	<u>15.746</u>
 Carrying amount, 31 December 2022	 <u>11.826</u>	 <u>15.746</u>
 It is specified as follows:		
Other receivables	<u>11.826</u>	<u>15.746</u>
	<u>11.826</u>	<u>15.746</u>
 11. Contract work in progress		
Selling price of the production for the period	131.171	121.254
Progress billings	<u>-236.247</u>	<u>-192.711</u>
Contract work in progress, net	<u>-105.076</u>	<u>-71.457</u>
 The following is recognised:		
Contract work in progress (current assets)	23.477	24.563
Contract work in progress (prepayments received on account)	<u>-128.553</u>	<u>-96.020</u>
	<u>-105.076</u>	<u>-71.457</u>
 12. Deferred tax assets		
Deferred tax of the net profit or loss for the year	<u>5.826</u>	<u>1.889</u>
	<u>5.826</u>	<u>1.889</u>

Notes

DKK thousand.

	31/12 2022	31/12 2021
13. Other receivables		
Other receivables	3.901	3.704
Derivative financial instruments	0	497
	3.901	4.201

14. Prepayments and accrued income

Prepayments include advance payments regarding rent, IT-expenses regarding exhibitions, rentals etc.

15. Other provisions

Other provisions comprise expenses for warranty, claim regarding WIP and tax provisions.

16. Liabilities other than provision

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Lease liabilities	3.372	1.236	2.136	104
	3.372	1.236	2.136	104

17. Other payables

VAT payable	1.040	753
Salaries, wages and bonus	6.809	8.465
Holiday pay obligations, salaried staff	4.418	5.323
Derivative financial instruments	388	0
Other cost payables	11.220	8.388
	23.875	22.929

18. Accruals and deferred income

Short-term deferred income include prepaid rental income.

Notes

DKK thousand.

19. Contingencies

Contingent liabilities

The Company is liable for guarantees in connection with projects in progress have been given at a total amount of:

EUR 12,957 k

In order to secure debtors in foreign currencies and future transactions for signed sale agreements the Company has entered into forward contracts. The market value of the forward contracts at the balance sheet date is negative by DKK 388 k, which has been taken to equity and been provided under other liabilities.

20. Related parties

Controlling interest

Andritz AG, Stattegger Strasse 18, A-8045 Graz, Austria

Majority shareholder

Transactions

The Company has had the following transactions with related parties:

	<u>2022</u>	<u>2021</u>
Sale of goods to group entities	90.274	57.477
Purchase of goods from group entities	-191.922	-182.596
Sale of service to group entities	55.967	40.136
Purchase of service from group entities	<u>-72.689</u>	<u>-53.430</u>
Total	<u>-118.370</u>	<u>-138.413</u>

Receivables and payables to related entities are disclosed in the balance sheet, and expensed interest is disclosed in note 5.

Notes

DKK thousand.

Consolidated financial statements

Name and registered office of the Parent preparing consolidated financial statements for the largest group:

Andritz AG, Austria

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Andritz AG, Austria

The group report for the foreign parent company can be ordered from the following address.

Andritz AG, Stattegger Strasse 18, A-8045 Graz, Austria

Accounting policies

The annual report for Andritz Feed & Biofuel A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared.

Changes to classifications

The classifications between Distribution cost and Production cost have been changed. The reason for the reclassification is specific production cost as well as Research and Development cost were incorrectly presented as Distribution cost.

The reclassification has no impact to the net result, the Company's assets and liabilities or equity. The comparative figures for 2018-21 have been restated.

Recognition and measurement in general

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Accounting policies

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen to rely on IFRS 15 Revenue from contracts with customers as the basis of interpretation when recognising revenue.

Accounting policies

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Also, provisions for loss on contract work in progress are recognised under production costs.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

Administration costs

Administrative costs comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Financial income and expenses

Financial income comprises interest income including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, including financial leasing obligations as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Accounting policies

Tax on net profit or loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Intangible assets

Concessions, patents, and licences

Concessions, patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of concessions, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Property, plant, and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Revaluations of land and buildings are made on the basis of regular independent assesment of the fair value.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Office Buildings	50 years
Factory Buildings	25 years
Building improvements	10 years
Plant and machinery	5 years
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Accounting policies

Property, plant, and equipment under construction

Property, plant, and equipment under construction are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

Investments in subsidiaries

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Accounting policies

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

Prepayments and accrued income

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash on hand and demand deposits

Cash comprises cash in hand and bank deposits.

Accounting policies

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property. The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

Provisions

Provisions comprise expected expenses for warranty provisions, loss on contract work in progress etc.

Provisions for liabilities are recognized when the Company, as a consequence of a previous event, has legal or actual obligations, and when it is probable that fulfilment of the obligation will result in a usage of the Company's financial resources.

Warranty provisions comprise obligations for improvement of jobs within the warranty period. The provisions for liabilities are measured and recognized with basis in the annual turnover.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Accounting policies

Liabilities other than provisions

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Accruals and deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.