M&J Denmark A/S

Vejlevej 5
DK-8700 Horsens

CVR no. 45 50 53 16

Annual report 2021

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

31 May 2022

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 Denmark A/S for the financial year 1 January – 31 December 2021.

The annual report has been 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

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

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

Horsens, 31 May 2022
Executive Board:

Uffe Hansen	John Møller Terkelsen

Board of Directors:

Carsten Nygaard Knudsen Chairman	Tero Juhana Telaranta	Pasi Ilkka Juhani Koota
John Naldal	Kim Frandsen	

Independent auditor's report

To the shareholder of M&J Denmark A/S

Opinion

We have audited the financial statements of M&J Denmark A/S for the financial year 1 January – 31 December 2021 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 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021 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 responsibility 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.

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 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 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.

Independent auditor's report

- 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.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 31 May 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

David Olafsson State Authorised Public Accountant mne19737	Katrine Gybel State Authorised Public Accountant mne45848

Management's review

Company details

M&J Denmark A/S
Vejlevej 5
DK-8700 Horsens

CVR no.:	45 50 53 16
Financial year:	1 January – 31 December

Board of Directors

Carsten Nygaard Knudsen, Chairman
Tero Juhana Telaranta
Pasi Ilkka Juhani Koota
John Naldal
Kim Frandsen

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

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Gross profit/loss	101,942	104,122	96,400	96,875	78,086
Operating profit/loss	38,512	51,963	43,408	51,967	35,144
Profit/loss from financial income and expenses	-2,504	-279	-18	-20	-124
Profit/loss for the year	28,634	40,580	33,795	41,148	27,343
Total assets	242,483	188,977	168,950	140,483	110,684
Equity	110,033	81,399	52,019	55,524	44,076
Investment in property, plant and equipment	154	609	218	210	401
Ratios					
Rate of return	16.29%	25.20%	28.06%	41.38%	30.88%
Return on equity	29.92%	60.83%	62.85%	82.63%	60.40%
Solvency ratio	45.38%	43.07%	30.79%	39.52%	39.82%
Other key figures					
Average number of full-time employees	101	98	91	86	91

The financial ratios have been calculated as follows:

Rate of return $\frac{\text{Profit on ordinary activities x 100}}{\text{Average assets}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$

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

Management's review

Operating review

Principal activities

The Company's principal activity is to develop, produce and market mobile and stationary waste shredders for industrial use.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 28,634 thousand as against a profit of DKK 40,580 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 110,033 thosand as against DKK 81,399 thousand at 31 December 2020.

In 2021, the Company continously experienced challenging market conditions due to COVID-19, particularly in aftermarket sales, as well as due to related supply chain instability, which had a global impact. Despite this, the Company enjoyed notable progress on most markets.

When divestment costs and other one-off items are disregarded, business performance for 2021 was strong compared to the expectations at the beginning of the year.

During several years, the Company has achieved significant competences within handling and shredding of waste as well as manufacturing of equipment for this purpose. The Company has increased its focus in this area and expects to continue to develop new technologies and products.

The Company was divested to Ahlström Capital from Metso-Outotec as of 1 December 2021, and a group structure was established with subsidiaries and branches in relevant markets across all regions.

Outlook

During the coming year(s) the sector is expected to continue to grow, and the Company expects to deliver growth above market levels in all markets. For 2022 the management expects growth in net sales in the interval 0-15% and the annual result is expected to increase similarly.

Intellectual capital

During several years the company has achieved competences within handling and shredding of waste as well as manufacturing equipment for this purpose. The company will continue the development within this area.

Branches

The Company has the following branches:
- Filial Sweden
- Thailand
- UK Branch
- Korea Liaison office
- Przedstawicielskwo w Polsce

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 Company 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 Company is determined to ensure a safe and healthy working environment and has consideration for environmental and climate conditions throughout its processes. Our Management is key part of all significant decisions on all above-mentioned areas, which is demonstrated in internal as well as external initiatives.

In 2021, the Company signed a commitment to the UN to implement the 10 Global Compact Principles in the strategy, culture and day-to-day operations of the Company and to report progress to the UN and the general public annually. These principles will to be implemented in internal policies during the coming years.

The Company has issued a code of conduct, which is extended to partners and suppliers to the widest possible extent. This also includes the implementation of a whistleblowing service accessible for employees and third parties.

There is also third-party due diligence policy in place to ensure due diligence with regards to i.e. sanctions, fraud and bribery and a compliance sign-off by the third party. During 2021, several new partners were onboarded based on this policy and process. During 2022, a compliance risk management tool will be implemented as a replacement for the one used before the divestment.

The Company has focus on social responsibility and it is an integrated part of the business model, as the Company 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

We acknowledge that diversity within Management and employees is a strength and as a part of this, equality in gender contributes to business development. During 2021, the share of the underrepresented gender on the Board of Directors represented of 25%, whereas the new Board of Directors holds a share of 0%. The change was caused by the divestment of the Company from Metso Outotec, where a new Board of Directors has been elected by the new owners. Achieving a target of 25% within the next four years has been set out as the ambition.

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

At the present point in time, the share of underrepresented gender in Group Management makes up 19%.

To foster an balanced shared of female executives will rely on the considerations that employees, including executives, are always hired and promoted on the basis of professional and personal competencies.

Management's review

Operating review

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 that technological development gives rise to.

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

There have been no significant events after the end of the financial year.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Revenue	2	385,963	363,776
Production costs		-284,021	-259,654
Gross profit		101,942	104,122
Distribution costs		-33,280	-33,692
Administrative expenses		-30,150	-18,467
Operating profit		38,512	51,963
Other operating income		85	0
Profit before financial expenses		38,597	51,963
Other financial expenses	3	-2,504	-279
Profit before tax		36,093	51,684
Tax on profit for the year	4	-7,459	-11,104
Profit for the year	5	28,634	40,580

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	6		
Completed development projects		7,625	4,021
Patents		0	0
Other intangible assets		66	74
		7,691	4,095
Property, plant and equipment	7		
Plant and machinery		924	1,374
Other plant and machinery, tool and equipment		890	935
Leases and right-of-use assets		8,513	2,201
		10,327	4,510
Investments	8		
Equity investments in group entities		34,113	25,000
Total fixed assets		52,131	33,605
Current assets			
Inventories			
Raw materials and consumables		59,612	56,378
Work in progress		21,484	13,734
Finished goods and goods for resale		8,786	2,119
		89,882	72,231
Receivables			
Trade receivables		38,721	45,589
Receivables from group entities		11,659	6,976
Other receivables		29,692	30,576
Corporation tax		2,087	0
		82,159	83,141
Cash at bank and in hand		18,311	0
Total current assets		190,352	155,372
TOTAL ASSETS		242,483	188,977

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	6,001	6,001
Reserve for development costs		5,948	4,021
Retained earnings		98,084	71,377
Total equity		110,033	81,399
Provisions			
Provisions for deferred tax		370	1,030
Other provisions	10	4,868	5,989
Total provisions		5,238	7,019
Liabilities other than provisions			
Non-current liabilities other than provisions	11		
Lease obligations		4,674	1,189
Other payables		4,582	5,520
		9,256	6,709
Current liabilities other than provisions			
Current portion of non-current liabilities		3,801	1,025
Prepayments received from customers		28,076	24,540
Trade payables		59,079	36,062
Payables to group entities		1,678	8,158
Corporation tax		0	6,675
Other payables		25,322	17,390
		117,956	93,850
Total liabilities other than provisions		127,212	100,559
TOTAL EQUITY AND LIABILITIES		242,483	188,977

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Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2021	6,001	4,021	71,377	81,399
Transferred over the profit appropriation	0	1,927	26,707	28,634
Equity at 31 December 2021	6,001	5,948	98,084	110,033

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of M&J Denmark A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of M&J Denmark A/S and group entities are included in the consolidated financial statements of Ahlstrom Capital B.V.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Ahlstrom Capital B.V.

Change in financial reporting class

The annual report of M&J Denmark A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

The transition compared to the previous financial year from the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act has not resulted in any changes to recognition and measurement.

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 that 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.

Financial statements 1 January – 31 December

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1 **Accounting policies (continued)**

Upon recognition of foreign subsidiaries that 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.

Income statement

Revenue

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

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

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

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 expenses for administrative staff, Management, office premises, office expenses and depreciation.

Other operating income

Other operating income comprises items secondary to the activities of the entity, 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Financial expenses

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

Tax on profit/loss for the year

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 corporation 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, and the tax expense relating to amounts directly recognised in equity is recognised 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.

Patents and other intangible assets

Patents and other intangible assets 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.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Plant and equipment

Production plant and machinery, other plant, fixtures 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 of item 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:

Plant and machinery	5-10 years
Other plant and machinery, tool 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.

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.

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	3-10 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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Investments

Equity investments in group entities and participating interests 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. The cost is reduced by dividends received exceeding accumulated earnings after the acquisition date.

In case of indication of impairment, an impairment test is conducted. 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 plant and equipment as well as equity investments in group entities and 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.

Inventories

Inventories are measured at cost in accordance with thethe 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.

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 or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Cash at bank and in hand

Cash and cash equivalents comprise cash.

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 developments 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.

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 based on the planned use of the asset or settlement of the liability. 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.

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.

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.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. 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.

Other liabilities are measured at net realisable 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.

Financial statements 1 January – 31 December

Notes

DKK'000	2021	2020

2 Revenue

Business segments

	2021	2020
Sale of machinery	254,730	237,725
Sale of OEM parts	131,233	126,051
	385,963	363,776

Geographical markets

	2021	2020
Europe, Middle East, and Africa (EMEA)	244,973	241,650
Other countries (RoW)	140,990	122,126
	385,963	363,776

3 Other financial expenses

	2021	2020
Interest expense to group entities	1	67
Other financial costs and exchange rate adjustments	2,229	212
Percentage surcharge, corporation tax	274	0
	2,504	279

4 Tax on profit for the year

	2021	2020
Current tax for the year	7,977	10,562
Deferred tax for the year	-660	208
Adjustment of tax concerning previous years	142	334
	7,459	11,104

5 Proposed profit appropriation

	2021	2020
Reserve for development costs	1,927	0
Retained earnings	26,707	40,580
	28,634	40,580

Financial statements 1 January – 31 December

Notes

6 Intangible assets

DKK'000	Completed development projects	Patents	Other intangible assets	Total
Cost at 1 January 2021	4,089	16,170	75	20,334
Additions for the year	4,713	0	0	4,713
Cost at 31 December 2021	8,802	16,170	75	25,047
Amortisation and impairment losses at 1 January 2021	-68	-16,170	-1	-16,239
Amortisation for the year	-1,109	0	-8	-1,117
Amortisation and impairment losses at 31 December 2021	-1,177	-16,170	-9	-17,356
Carrying amount at 31 December 2021	7,625	0	66	7,691

Completed development projects

In 2020, the Company capitalised costs including IPO for a new prototype which has been launched for production test at two customer locations. The costs are amortised over the useful life of the assets, which is estimated at 5 years.

7 Property, plant and equipment

DKK'000	Production plant and machinery	Other plant machinery tools and equipment	Leases and right-of-use assets	Total
Cost at 1 January 2021	19,951	4,625	3,814	28,390
Additions for the year	0	154	12,344	12,498
Disposals for the year	-1,731	-2,184	-2,455	-6,370
Cost at 31 December 2021	18,220	2,595	13,703	34,518
Depreciation and impairment losses at 1 January 2021	-18,577	-3,690	-1,613	-23,880
Depreciation for the year	-450	-199	-5,725	-6,374
Reversed depreciation and impairment losses on assets sold	1,731	2,184	2,148	6,063
Depreciation and impairment losses at 31 December 2021	-17,296	-1,705	-5,190	-24,191
Carrying amount at 31 December 2021	924	890	8,513	10,327

Right-of-use assets include an addition for the year relating to the property rented from subsidiary M&J Denmark Properties ApS.

There have been no changes to the plan of relocation within the foreseeable future.

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8 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2021	25,000
Additions for the year	9,113
Cost at 31 December 2021	34,113
Carrying amount at 31 December 2021	34,113

Name/legal form	Registered office	Voting rights and ownership interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
M&J Germany GmbH	Germany	100%	200,216	73,339
M&J USA Inc.	USA	100%	855,939	740,687
M&J Technology Environmental Equipment (Shanghai) Co., Ltd	China	100%	1,516,419	-233,881
M&J Denmark Properties ApS	Denmark	100%	30,357	1,510
			2,602,931	581,655

9 Equity

Contributed capital consists of:

6,001 shares of nom. DKK 1,000 each.

All shares rank equally.

10 Other provisions

The Company provides one-year warranties on certain products and is obliged to repair or replace products which are not satisfactory. Other provisions for liabilities consist of DKK 4,868 thousand (2020: DKK 5,989 thousand) as accrued for expected warranty claims based on experience from a historic level for repairs and returned goods.

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11 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

DKK'000	31/12 2021	31/12 2020
Lease obligations:		
0-1 years	3,801	1,025
1-5 years	4,674	1,189
	8,475	2,214
Other payables, including taxes payable:		
1-5 years	4,582	5,520
	4,582	5,520

12 Staff costs

	2021	2020
Wages and salaries	72,919	57,785
Pensions	6,384	5,187
Other social security costs	308	222
	79,611	63,194
Average number of full-time employees	101	98

Staff costs of the Company include remuneration of the Company's Executive Board and Board of Directors of DKK 8,774 thousand (2020:.DKK 3,812 thousand).

13 Fees to auditor appointed at the general meeting

DKK'000	2021	2020
EY		
Statutory audit	0	312
KPMG P/S		
Statutory audit	165	0
Tax assistance	7	0
Non-audit services	20	0
	192	0

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14 Contractual obligations, contingencies, etc.

Contingent liabilities

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 DKK 40,365 thousand (2020: DKK 35,844 thousand).

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 as well as for the joint registration for VAT. The jointly taxed entities' total net receivable from SKAT amounted to t.dkk 1,050 at 31 December 2021. 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 Related party disclosures

Control

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

M&J Denmark A/S is part of the consolidated financial statements of Ahlstrom Capital B.V., the Netherlands, which is the smallest and largest group, in which the Company is included as a subsidiary. The consolidated financial statements of Ahlstrom Capital B.V. can be obtained by contacting the companies at the above addresses.

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Related party transactions

DKK'000	2021
Parent	
Sale of services	1,535
Purchase of services	-180
Subsidiary	
Sale of goods	11,003
Purchase of services	-3,381
Other group related companies	
Sale of goods	35,581
Sale of services	3,846
Purchase of services	-4,223

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 3.

Receivables and payables to Group entities are disclosed in the balance sheet, and expensed interest is disclosed in note 4.