M&J Denmark A/S

Vejlevej 5
DK-8700 Horsens

CVR no. 45 50 53 16

Annual report 2023

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

26 February 2024

Carsten Nygaard 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 2023.

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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the 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, 26 February 2024
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 2023 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 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 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 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, 26 February 2024
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Katrine Gybel State Authorised Public Accountant mne45848	Dennis V. Hansen State Authorised Public Accountant mne49092

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	2023	2022	2021	2020	2019
Key figures					
Revenue	514,618	488,517	385,963	363,776	332,476
Gross profit	152,143	150,667	101,942	104,122	96,400
Operating profit	43,423	49,334	38,512	51,963	43,408
Profit/loss from financial income and expenses	-4,697	-6,265	-2,504	-279	-18
Profit for the year	32,769	41,866	28,634	40,580	33,795
Total assets	312,546	359,157	242,482	188,977	168,950
Equity	164,668	151,899	110,033	81,399	52,019
Investment in property, plant and equipment	11,735	0	154	609	218
Ratios					
Rate of return	13%	14%	16%	25%	28%
Return on equity	21%	31%	30%	61%	63%
Solvency ratio	53%	42%	45%	43%	31%
Other key figures					
Average number of full-time employees	129	127	108	98	91

The financial ratios have been calculated as follows:

Rate of return $$\frac{\text{Operating profit x 100}}{\text{Average assets}}$$

Return on equity $$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$$

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 globally, as wells as after-market service components.

Development in activities and financial position

The Company's income statement for 2023 shows a profit of tDKK 32,769 against a profit of tDKK 41,866 in 2022. Equity on 31st December 2023 was tDKK 164,668 against tDKK 151,899 on 31st December 2022.

During 2023, the Company experienced a softer business environment resulting in increased latency in customer investment decisions. As a result the net sales was lower than expected in the 2022 annual report (530-560 mDKK) and profit before tax was also lower than expected (50-55 mDKK).

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

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

Outlook

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

However increased interest and inflation driven product costs are expected to adversely influence investments in waste recycling during 2024. Management expects a stable net sales development in the interval of 500-520 mDKK, and net profit before tax in the interval of 35-40 mDKK.

Intellectual capital

During several years the Company has developed competencies within handling and shredding of waste as well as manufacturing equipment for this purpose. The Company expects to increase the investment 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. A key lever for implementing these principles is through the supplier code of conduct, where 44% have signed by year end.100% of suppliers are targeted to have signed the supplier code of conduct by 2025.

The Company has also issued a general code of conduct, where 91% of all employees had received training during the year. This is repeated annually to ensure strong awareness and compliance.

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

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

There is also third-party 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 2023 several new partners were onboarded as well as recertification of existing partners was performed. This is expected to continue during the coming years as more partners are on-boarded and existing partners are recertified every 3rd year.

The 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

The Company acknowledge that diversity within Management and employees is a strength and as a part of this, equality in gender contributes to business development. Achieving a target of 20% for the under-represented gender in the Board of Directors has been set out as the ambition before 2027. Currently there are 5 members of the Board of Directors, and the composition is unchanged from last year.

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

The share of underrepresented gender in Management was 17% during the year. The share is unchanged, as there has been very few changes in management, and the most suitable candidate for open positions was not from the under-represented Gender.

Management's review

Operating review

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

	2023
Board of Directors	
Number of members	5
Underrepresented gender	0%
Target	20%
Target year	2026
Management team and next level managers	
Number of members	23
Underrepresented gender	17%
Target	24%
Target year	2027

Reporting on 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 Company 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	2023	2022
Revenue	2	514,618	488,517
Production costs		-362,475	-337,850
Gross profit		152,143	150,667
Distribution costs		-46,808	-43,627
Administrative expenses		-61,912	-57,706
Operating profit		43,423	49,334
Other operating income		209	0
Profit before financial income and expenses		43,632	49,334
Income from equity investments in group entities		3,000	7,500
Other financial income	3	0	45
Other financial expenses		-4,697	-6,310
Profit before tax		41,935	50,569
Tax on profit for the year	4	-9,166	-8,703
Profit for the year	5	32,769	41,866

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	6		
Completed development projects		10,879	8,481
Patents		0	0
Other intangible assets		51	59
		10,930	8,540
Property, plant and equipment	7		
Plant and machinery		11,146	529
Other plant and machinery, tools and equipment		536	708
Leasehold and right-of-use assets		14,112	14,652
		25,794	15,889
Investments	8		
Equity investments in group entities		34,113	34,113
Total fixed assets		70,837	58,542
Current assets			
Inventories			
Raw materials and consumables		75,479	138,920
Work in progress		18,477	34,966
Finished goods and goods for resale		37,578	9,636
		131,534	183,522
Receivables			
Trade receivables		57,192	65,357
Receivables from group entities		48,257	37,000
Other receivables		4,726	7,417
		110,175	109,774
Cash at bank and in hand		0	7,319
Total current assets		241,709	300,615
TOTAL ASSETS		312,546	359,157

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital	9	6,001	6,001
Reserve for development costs		8,486	6,615
Retained earnings		101,381	119,283
Proposed dividends for the financial year		48,800	20,000
Total equity		164,668	151,899
Provisions			
Provisions for deferred tax	10	2,310	1,645
Other provisions	11	6,677	5,812
Total provisions		8,987	7,457
Liabilities other than provisions			
Non-current liabilities other than provisions	12		
Lease obligations		10,693	11,090
Other payables		4,580	4,598
		15,273	15,688
Current liabilities other than provisions			
Current portion of non-current liabilities		3,407	3,564
Payables to credit institutions		12,973	0
Prepayments received from customers		28,299	35,085
Trade payables		46,890	94,883
Payables to group entities		4,131	11,830
Corporation tax		6,672	7,116
Other payables		16,539	31,635
Deferred income	13	4,707	0
		123,618	184,113
Total liabilities other than provisions		138,891	199,801
TOTAL EQUITY AND LIABILITIES		312,546	359,157

Staff costs	14
Fees to auditor appointed at the general meeting	15
Contractual obligations, contingencies, etc.	16
Related party disclosures	17

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2023	6,001	6,615	119,283	20,000	151,899
Ordinary dividends paid	0	0	0	-20,000	-20,000
Transferred over the profit appropriation	0	1,871	-17,902	48,800	32,769
Equity at 31 December 2023	6,001	8,486	101,381	48,800	164,668

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of M&J Denmark A/S for 2023 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 M&J Recycling Group ApS.

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 M&J Recycling Group ApS.

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.

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income statement

Revenue

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

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

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

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

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

Production costs

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

Distribution costs

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

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration of the Group, including 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 income and expenses

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

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)

Property, plant and equipment

Plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. 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	3-5 years
Building	5 years

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

Investments

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

IIndication 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 the weighted average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

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

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

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.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

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

Dividends

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

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the 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.

Provisions

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

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

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

Corporation tax and deferred tax

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

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

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.

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.

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

Other liabilities are measured at amortised cost.

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.

DKK'000	2023	2022
2 Revenue		
Business segments		
Sale of machinery	326,148	318,586
Sale of OEM parts	188,470	169,931
	514,618	488,517
Geographical markets		
Europe, Middle East, and Africa (EMEA)	288,579	271,107
Other countries (RoW)	226,039	217,410
	514,618	488,517

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DKK'000		2023	2022
3	**Other financial income**		
	Interest income from group entities	0	45

		2023	2022
4	**Tax on profit for the year**		
	Current tax for the year	7,891	8,078
	Deferred tax for the year	665	1,276
	Adjustment of tax concerning previous years	610	-651
		9,166	8,703

		2023	2022
5	**Proposed profit appropriation**		
	Reserve for development costs	1,871	667
	Proposed dividends for the year	48,800	20,000
	Retained earnings	-17,902	21,199
		32,769	41,866

6 Intangible assets

DKK'000	Completed development projects	Patents	Other intangible assets	Total
Cost at 1 January 2023	11,914	16,170	75	28,159
Additions for the year	3,544	0	0	3,544
Disposals for the year	-82	0	0	-82
Cost at 31 December 2023	15,376	16,170	75	31,621
Amortisation and impairment losses at 1 January 2023	-3,433	-16,170	-16	-19,619
Amortisation for the year	-1,091	0	-8	-1,099
Amortisation and impairment losses for the year on assets sold Amortisation and impairment losses for the year on assets sold	27	0	0	27
Amortisation and impairment losses at 31 December 2023	-4,497	-16,170	-24	-20,691
Carrying amount at 31 December 2023	10,879	0	51	10,930

Completed development projects

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

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7 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Leases and right-of-use assets	Total
Cost at 1 January 2023	18,132	2,563	22,452	43,147
Additions for the year	11,735	0	3,214	14,949
Disposals for the year	-2,467	-517	-182	-3,166
Cost at 31 December 2023	27,400	2,046	25,484	54,930
Depreciation and impairment losses at 1 January 2023	-17,603	-1,855	-7,800	-27,258
Depreciation for the year	-1,118	-172	-3,708	-4,998
Depreciation and impairment losses for the year on assets sold	2,467	517	136	3,120
Depreciation and impairment losses at 31 December 2023	-16,254	-1,510	-11,372	-29,136
Carrying amount at 31 December 2023	11,146	536	14,112	25,794

Right-of-use assets include an addition for the year relating to property rented from the subsidiary, M&J Denmark Properties ApS, where projected termination period has been extended by one year due to change in Management's expected lease period. The plan of relocation has not recently been changed.

8 Investments

DKK'000	Equity investments in group entities
Cost at 1 January 2023	34,113
Cost at 31 December 2023	34,113
Carrying amount at 31 December 2023	34,113

Name/legal form	Registered office	Equity interest	Equity	Profit/loss for the year
Subsidiaries:			DKK'000	DKK'000
M&J Denmark Properties ApS	Denmark	100%	22,929	1,533
M&J USA Inc.	USA	100%	983	723
M&J Technology Environmental Equipment (Shanghai) Co., Ltd	China	100%	1,259	-142
M&J Germany GmbH	Germany	100%	410	75
			25,581	2,189

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9 Equity

Contributed capital consists of:

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

All shares rank equally.

10 Deferred tax

DKK'000	31/12 2023	31/12 2022
Deferred tax at 1 January	1,645	370
Deferred tax adjustment for the year in the income statement	665	1,275
	2,310	1,645

11 Other provisions

The Company provides one-year warranties on certain products and is obliged to repair or replace products failing to meet satisfactory standards. Other provisions for liabilities represent DKK 6,677 thousand (2022: DKK 5,812 thousand) as accrued for expected warranty claims based on past experience for repairs and returned goods.

12 Non-current liabilities other than provisions

Liabilities other than provisions can be specified as follows:

DKK'000	31/12 2023	31/12 2022
Lease obligations:		
0-1 years	3,407	3,564
1-5 years	10,693	11,090
	14,100	14,654
Other payables:		
1-5 years	4,580	4,598
	4,580	4,598

13 Deferred income

Deferred income of DKK 4,707 thousand (2022: DKK 0 thousand) comprises payments received from customers that cannot be recognised until the subsequent financial year.

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14 Staff costs

	2023	2022
Wages and salaries	71,276	74,672
Pensions	8,690	6,303
Other social security costs	559	616
	80,525	81,591
Average number of full-time employees	129	127

In 2023, the Executive Board was employed by the Parent Company. Fee paid by M&J Denmark A/S for management services in 2023 reached DKK 5,727 thousand (2022: DKK 5,528 thousand), in which remuneration of the Executive Board is included.

15 Fees to auditor appointed at the general meeting

DKK'000	2023	2022
KPMG P/S		
Statutory audit services	222	178
Tax assistance	6	6
Non-audit services	27	25
	255	209

16 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 total DKK 27,190 thousand (2022: DKK 41,093 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. 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.

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17 Related party disclosures

Control

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

M&J Denmark A/S is part of the consolidated financial statements of M&J Recycling Group ApS, Vejlevej 5, 8700 Horsens, Denmark and A. Ahlstrom Oy, Eteläesplanadi 14, 00130 Helsinki, Finland, which is the smallest and largest group in which the Company is included as a subsidiary.

The consolidated financial statements of M&J Recycling Group ApS and A. Ahlstrom Oy. can be obtained by contacting the companies at the above addresses.

Related party transactions

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 14.

Receivables and payables to group entities are disclosed in the balance sheet, and financial income is disclosed in note 3.

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