Niebuhr Gears A/S

La Cours Vej 8, DK-7430 Ikast

Annual Report for 2023

CVR No. 71 15 07 12

The Annual Report was presented and adopted at the Annual General Meeting of the company on 12/4 2024

Per Boie Sørensen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Niebuhr Gears A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ikast, 3 April 2024

Executive Board

Rasmus Holt Niebuhr
CEO

Board of Directors

Per Thy Sørensen Chairman	Kurt Bering Sørensen	Rasmus Holt Niebuhr
Michael Sørensen Employee representative	Else Rasmussen Employee representative	

Independent Auditor's report

To the shareholder of Niebuhr Gears A/S

Opinion

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

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Niebuhr Gears A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Group´s and the Parent Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent 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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of 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 Group´s and the Parent Company´s internal control.

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

Independent Auditor's report

- 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 Group´s and the Parent Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Herning, 3 April 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Poul Spencer Poulsen	Kim Vorret
State Authorised Public Accountant	State Authorised Public Accountant
mne23324	mne33256

Company information

The Company	Niebuhr Gears A/S La Cours Vej 8 DK-7430 Ikast Telephone: + 45 96605050 Email: niebuhr@niebuhr.dk Website: www.niebuhr.dk CVR No: 71 15 07 12 Financial period: 1 January - 31 December Municipality of reg. office: Ikast-Brande
Board of Directors	Per Thy Sørensen, chairman Kurt Bering Sørensen Rasmus Holt Niebuhr Michael Sørensen, employee representative Else Rasmussen, employee representative
Executive Board	Rasmus Holt Niebuhr
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning

Group Chart

Company	Residence	Ownership
Niebuhr Gears A/S	**Denmark**	
Niebuhr Limited	Hong Kong	100 %
Niebuhr Gears (Tianjin) Co., Ltd.	China	100 %

Financial Highlights

Seen over a 5-year period, the development of the Group is described by the following financial highlights:

	Group				
	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit	34,025	40,959	36,775	37,728	42,392
Profit/loss of primary operations	9,980	16,338	13,446	15,260	20,159
Profit/loss of financial income and expenses	-6,670	-2,693	-676	-2,449	-2,265
Net profit/loss for the year	2,091	10,556	9,895	9,582	13,839
Balance sheet					
Balance sheet total	270,134	291,584	262,388	233,448	253,529
Investment in property, plant and equipment	14,291	45,117	18,809	10,197	36,787
Equity	105,259	115,567	119,622	111,677	111,738
Cash flows					
Cash flows from:					
- operating activities	26,870	17,450	38,256	46,132	26,917
- investing activities	-14,112	-44,897	-18,892	-9,882	-36,173
- financing activities	-8,529	22,707	-18,041	-34,191	10,203
Change in cash and cash equivalents for the year	4,229	-4,740	1,323	2,059	947
Number of employees	159	160	163	167	181
Ratios					
Return on assets	3.7%	5.6%	5.1%	6.5%	8.0%
Solvency ratio	39.0%	39.6%	45.6%	47.8%	44.1%
Return on equity	1.9%	9.0%	8.6%	8.6%	13.0%

In connection with changes to accounting policies, the comparative figures for 2019 - 2021 have not been restated. See the description under accounting policies.

Management's review

Key activities

The Group's most important activities
Niebuhr Gears A/S is Denmark's largest manufacturer of gears and transmission components, which are delivered to industrial customers in Europe, China, India and the USA. Niebuhr has own production facilities in Denmark and China.

Development and production preparation takes place primarily in the parent company in Denmark, where all types of gears and transmission components are manufactured. Large gears are also manufactured at the factory in China.

Niebuhr Gears has consistently invested heavily in modern machines, robotic solutions and automation to ensure continued development and competitiveness.

Niebuhr Gears contributes to the green conversion and production of clean energy, through the supply of key components to the wind turbine industry.

Niebuhr Gears also contributes to efficiency improvements in construction machinery, agricultural machinery, heavy-duty trucks and more, by supplying high quality transmission products.

Niebuhr Gears is certified globally within “Health And Safety Approval” according to ISO45001. Together with “Quality Approval” according to ISO9001 and “Environment Certification Approval”, according to ISO14001, the company is ready to meet the demand from global customers, global employees, global suppliers and other partners, to ensure an ongoing development of the company.

Niebuhr Gears has an ongoing focus on mapping our environmental footprint, and continuous improvements, to reduce usage of power and energy. Power produced from solar panels on the factory roofs in China and in Denmark is being utilized. Furthermore, from the start of 2024 approximately 40 % of electricity consumption at the factory in Denmark is being delivered via wind turbine PPA’s

Niebuhr has 3 primary business areas:

Industrial Gears
Industrial Gears manufactures gearwheels and transmission components, in batches from one to several thousands, with a high degree of robotization and automation.

Heavy Duty
Heavy Duty produces large gears in Denmark and China, up to 8 meters in diameter. Niebuhr´s Heavy Duty department is the world´s leading manufacturer of large yawrings for the wind industry.

Process Gears
Process Gears offers mass production of gearwheels on state-of-the-art and fully automated production lines.

The past year and follow-up on development expectations from last year

The Group's share of the net result for the financial year was MDKK 2,1 against MDKK 10,5 in 2022. Management considers results to be less satisfactory. Circumstances such as relatively high logistic, energy and gas prices, combined increased interest rates and unused manufacturing capacity, has caused the result to not live entirely up to expectations.

Management's review

Targets and expectations for the year ahead

The company expects a stable production and order intake, with small growth for all 3 business areas, resulting in expectations for an EBT result between MDKK 8 and MDKK 12 in 2024.

Investments:
The total investments in 2023 were MDKK 14. 2023 investments were primarily related to capacity increase and automatization for the business area “Industrial Gears”. The investments in 2024 are expected to be MDKK 35. 2024 investments will primarily be related to “Heavy Duty” to secure the capability to manufacture products for wind turbine offshore products in both Denmark and China, as these products grow in size and volume demand in the coming years.

Special Risk

Capital resources

The company has the necessary credit facilities to finance operations and investments for the coming year.

Currency risks

The Company continuously assesses its exposure in foreign currency, and hedges any significant exposures. There is no speculation in foreign exchange investments or hedges.

Credit risks

The Group's maximum credit risk corresponds to the value of receivables, as shown in the balance sheet. Major customers are subject to credit assessment, and credit is only granted within the agreed credit limits.

Cost Risks

The company continuously monitor changes in power and gas prices and add an updated energy surcharge on invoices as long as this is needed to cover potential extra cost. Logistic costs are also subject for close monitoring.

Price Risks

The Company hedges its risks by entering into long-term price agreements with its customers, which are offset by similar price agreements with major suppliers of raw materials / core services.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Gross profit		**34,025**	**40,959**	**31,764**	**37,857**
Distribution expenses	1	-6,897	-6,943	-5,353	-5,294
Administrative expenses	1	-17,148	-17,678	-13,506	-13,782
Profit/loss before financial income and expenses		**9,980**	**16,338**	**12,905**	**18,781**
Income from investments in subsidiaries	2	0	0	-3,403	-2,530
Financial income	3	683	751	1,184	1,102
Financial expenses	4	-7,353	-3,444	-7,020	-3,144
Profit/loss before tax		**3,310**	**13,645**	**3,666**	**14,209**
Tax on profit/loss for the year	5	-1,219	-3,089	-1,575	-3,653
Net profit/loss for the year	6	**2,091**	**10,556**	**2,091**	**10,556**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Acquired licenses		264	355	264	355
Intangible assets	7	**264**	**355**	**264**	**355**
Plant and machinery		112,471	112,396	87,113	82,228
Other fixtures and fittings, tools and equipment		2,853	2,902	2,853	2,902
Leasehold improvements		4,027	3,245	3,661	2,571
Property, plant and equipment in progress		3,962	14,179	3,962	14,179
Property, plant and equipment	8	**123,313**	**132,722**	**97,589**	**101,880**
Investments in subsidiaries	9	0	0	34,682	40,548
Receivables from group enterprises	10	752	752	752	752
Other investments	10	300	300	300	300
Deposits	10	634	0	634	0
Fixed asset investments		**1,686**	**1,052**	**36,368**	**41,600**
Fixed assets		**125,263**	**134,129**	**134,221**	**143,835**
Inventories	11	**77,155**	**93,528**	**65,770**	**79,850**
Trade receivables		27,434	36,773	23,651	28,713
Receivables from group enterprises		29,322	19,527	34,108	25,059
Other receivables		3,313	5,175	883	1,885
Corporation tax		152	166	0	0
Prepayments	12	3,021	2,041	1,991	1,302
Receivables		**63,242**	**63,682**	**60,633**	**56,959**
Cash at bank and in hand		**4,474**	**245**	**2,869**	**60**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Current assets		**144,871**	**157,455**	**129,272**	**136,869**
Assets		**270,134**	**291,584**	**263,493**	**280,704**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Share capital		1,000	1,000	1,000	1,000
Reserve for net revaluation under the equity method		0	0	9,506	15,372
Reserve for hedging transactions		64	0	64	0
Reserve for exchange rate conversion		744	3,207	0	0
Retained earnings		103,451	101,360	94,689	89,195
Proposed dividend for the year		0	10,000	0	10,000
Equity		**105,259**	**115,567**	**105,259**	**115,567**
Provision for deferred tax	13	4,459	3,192	5,044	3,608
Provisions		**4,459**	**3,192**	**5,044**	**3,608**
Lease obligations		60,548	67,450	60,548	67,450
Other payables		5,180	4,978	5,180	4,978
Long-term debt	14	**65,728**	**72,428**	**65,728**	**72,428**
Credit institutions		34,540	35,711	34,540	35,711
Lease obligations	14	21,757	19,560	21,757	19,560
Trade payables		14,331	25,469	10,801	18,226
Payables to group enterprises		11,251	4,106	11,251	4,106
Payables to group enterprises relating to corporation tax		91	2,417	91	2,283
Other payables	14	12,718	13,134	9,022	9,215
Short-term debt		**94,688**	**100,397**	**87,462**	**89,101**
Debt		**160,416**	**172,825**	**153,190**	**161,529**
Liabilities and equity		**270,134**	**291,584**	**263,493**	**280,704**

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Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	0	3,207	101,360	10,000	115,567
Exchange adjustments	0	0	-2,463	0	0	-2,463
Ordinary dividend paid	0	0	0	0	-10,000	-10,000
Fair value adjustment of hedging instruments, end of year	0	82	0	0	0	82
Tax on adjustment of hedging instruments for the year	0	-18	0	0	0	-18
Net profit/loss for the year	0	0	0	2,091	0	2,091
Equity at 31 December	**1,000**	**64**	**744**	**103,451**	**0**	**105,259**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	15,372	0	89,195	10,000	115,567
Ordinary dividend paid	0	0	0	0	-10,000	-10,000
Exchange adjustments relating to foreign entities	0	-2,463	0	0	0	-2,463
Fair value adjustment of hedging instruments, end of year	0	0	82	0	0	82
Tax on adjustment of hedging instruments for the year	0	0	-18	0	0	-18
Net profit/loss for the year	0	-3,403	0	5,494	0	2,091
Equity at 31 December	**1,000**	**9,506**	**64**	**94,689**	**0**	**105,259**

Cash flow statement 1 January - 31 December

		Group	
	Note	2023	2022
		TDKK	TDKK
Result of the year		2,091	10,556
Adjustments	15	28,404	25,718
Change in working capital	16	5,327	-17,143
Cash flow from operations before financial items		**35,822**	**19,131**
Financial income		683	751
Financial expenses		-7,353	-3,446
Cash flows from ordinary activities		**29,152**	**16,436**
Corporation tax paid		-2,282	1,014
Cash flows from operating activities		**26,870**	**17,450**
Purchase of intangible assets		-234	-49
Purchase of property, plant and equipment		-14,292	-45,117
Fixed asset investments made etc		-634	0
Sale of property, plant and equipment		1,048	269
Cash flows from investing activities		**-14,112**	**-44,897**
Repayment of loans from credit institutions		-1,171	0
Reduction of lease obligations		-21,344	-15,015
Repayment of payables to group enterprises		7,145	2,260
Repayment of other long-term debt		202	1
Raising of loans from credit institutions		0	16,377
Lease obligations incurred		16,639	29,084
Dividend paid		-10,000	-10,000
Cash flows from financing activities		**-8,529**	**22,707**
Change in cash and cash equivalents		**4,229**	**-4,740**
Cash and cash equivalents at 1 January		245	4,985
Cash and cash equivalents at 31 December		**4,474**	**245**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		4,474	245
Cash and cash equivalents at 31 December		**4,474**	**245**

Notes to the Financial Statements

1. Staff

	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Wages and salaries	61,568	65,486	54,737	58,319
Pensions	4,922	4,390	4,922	4,390
Other social security expenses	3,662	3,455	1,453	1,389
	70,152	**73,331**	**61,112**	**64,098**
Including remuneration to the Executive Board and Board of Directors	**2,113**	**2,639**	**2,113**	**2,639**
Average number of employees	**159**	**160**	**111**	**111**

Due to only having one member of the Executive Board in 2023, the exemption rule at ÅRL §98b, stk. 3 has been used. In 2022 Executive board received TDKK 2,346 and Board of directors received TDKK 293.

2. Income from investments in subsidiaries

	Parent company 2023 TDKK	Parent company 2022 TDKK
Share of profits	-2,696	-2,023
Change in intercompany profits	-707	-507
	-3,403	**-2,530**

3. Financial income

	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Interest received from group enterprises	650	426	1,184	1,102
Other financial income	33	77	0	0
Exchange adjustments	0	248	0	0
	683	**751**	**1,184**	**1,102**

Notes to the Financial Statements

4. Financial expenses

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Interest paid to group enterprises	185	40	185	40
Other financial expenses	6,304	3,063	5,979	2,767
Exchange adjustments, expenses	864	341	856	337
	7,353	**3,444**	**7,020**	**3,144**

5. Income tax expense

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	1	1,853	158	2,417
Deferred tax for the year	1,236	265	1,435	265
Adjustment of tax concerning previous years	0	-36	0	-36
	1,237	**2,082**	**1,593**	**2,646**
thus distributed:				
Income tax expense	1,219	3,089	1,575	3,653
Tax on equity movements	18	-1,007	18	-1,007
	1,237	**2,082**	**1,593**	**2,646**

6. Profit allocation

	Parent company	
	2023	2022
	TDKK	TDKK
Proposed dividend for the year	0	10,000
Reserve for net revaluation under the equity method	-3,403	-2,530
Retained earnings	5,494	3,086
	2,091	**10,556**

Notes to the Financial Statements

7. Intangible fixed assets

	Group	Parent company
	Acquired licenses	Acquired licenses
	TDKK	TDKK
Cost at 1. January	4,400	4,400
Additions for the year	234	234
Cost at 31. December	4,634	4,634
Impairment losses and depreciation at 1. January	4,045	4,045
Depreciation for the year	325	325
Impairment losses and depreciation at 31. December	4,370	4,370
Carrying amount at 31. December	**264**	**264**
Amortised over	3 years	3 years

8. Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvement s	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1. January	403,906	9,442	19,335	14,179
Exchange adjustment	-5,170	0	-345	0
Additions for the year	7,674	1,268	1,388	3,962
Disposals for the year	-4,798	-634	0	0
Transfers for the year	13,601	6	572	-14,179
Cost at 31. December	415,213	10,082	20,950	3,962
Impairment losses and depreciation at 1. January	291,510	6,540	16,090	0
Exchange adjustment	-3,340	0	-304	0
Depreciation for the year	19,370	833	1,137	0
Reversal of impairment and depreciation of sold assets	-4,798	-144	0	0
Impairment losses and depreciation at 31. December	302,742	7,229	16,923	0
Carrying amount at 31. December	**112,471**	**2,853**	**4,027**	**3,962**
Amortised over	3-15 years	3-5 years	3-10 years	
Including assets under finance leases amounting to	79,413	1,661	1,216	3,377

Notes to the Financial Statements

Parent company

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvement s	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1. January	318,681	9,442	13,641	14,179
Exchange adjustment	0	0	0	0
Additions for the year	6,324	1,268	1,304	3,962
Disposals for the year	-4,798	-634	0	0
Transfers for the year	13,601	6	572	-14,179
Cost at 31. December	333,808	10,082	15,517	3,962
Impairment losses and depreciation at 1. January	236,453	6,540	11,070	0
Exchange adjustment	0	0	0	0
Depreciation for the year	15,040	833	786	0
Reversal of impairment and depreciation of sold assets	-4,798	-144	0	0
Impairment losses and depreciation at 31. December	246,695	7,229	11,856	0
Carrying amount at 31. December	**87,113**	**2,853**	**3,661**	**3,962**
Amortised over	3-15 years	3-5 years	3-10 years	
Including assets under finance leases amounting to	79,413	1,661	1,216	3,377

Notes to the Financial Statements

	Parent company	
	2023	2022
	TDKK	TDKK
9. Investments in subsidiaries		
Cost at 1 January	25,176	25,176
Cost at 31 December	25,176	25,176
Value adjustments at 1 January	15,372	18,942
Exchange adjustment	-2,463	-1,039
Net profit/loss for the year	-2,696	-2,023
Change in intercompany profit on inventories	-707	-508
Value adjustments at 31 December	9,506	15,372
Carrying amount at 31 December	**34,682**	**40,548**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
Niebuhr Limited	Hong Kong	TUSD 4,612	100%
Niebuhr Gears (Tianjin) Co., Ltd.	China	TCNY 34,137	100%

Niebuhr Limited, Hong Kong, holds all the shares in the Chinese company, Niebuhr Gears (Tianjin) Co., Ltd.

10. Other fixed asset investments

	Group			Parent company		
	Receivables from group enterprises	Other investments	Deposits	Receivables from group enterprises	Other investments	Deposits
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1. January	752	300	0	752	300	0
Additions for the year	0	0	634	0	0	634
Cost at 31. December	752	300	634	752	300	634
Carrying amount at 31. December	**752**	**300**	**634**	**752**	**300**	**634**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
11. Inventories				
Raw materials and consumables	25,270	35,136	20,928	30,429
Work in progress	26,378	29,259	20,496	25,214
Finished goods and goods for resale	18,630	20,031	17,469	15,105
Prepayments for goods	6,877	9,102	6,877	9,102
	77,155	**93,528**	**65,770**	**79,850**

12. Prepayments

Prepayments consist of prepaid expenses concerning raw materiales, rent, insurance premiums, subscriptions and interest.

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
13. Provision for deferred tax				
Deferred tax liabilities at 1 January	3,192	3,301	3,608	3,343
Amounts recognised in the income statement for the year	1,219	1,272	1,417	1,272
Amounts recognised in equity for the year	48	-1,381	19	-1,007
Deferred tax liabilities at 31 December	**4,459**	**3,192**	**5,044**	**3,608**

Provisions regarding deferred tax comprise deferred tax relating to intangible assets, property, plant and equipment indirect production overheads regarding inventories, debtors and lease obligations.

Notes to the Financial Statements

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Lease obligations				
After 5 years	8,278	11,674	8,278	11,674
Between 1 and 5 years	52,270	55,776	52,270	55,776
Long-term part	60,548	67,450	60,548	67,450
Within 1 year	21,757	19,560	21,757	19,560
	82,305	**87,010**	**82,305**	**87,010**
Other payables				
After 5 years	4,798	4,820	4,798	4,820
Between 1 and 5 years	382	158	382	158
Long-term part	5,180	4,978	5,180	4,978
Other short-term payables	12,718	13,134	9,022	9,215
	17,898	**18,112**	**14,202**	**14,193**

15. Cash flow statement - Adjustments

	Group	
	2023	2022
	TDKK	TDKK
Financial income	-683	-751
Financial expenses	7,353	3,444
Depreciation, amortisation and impairment losses, including losses and gains on sales	15,935	20,976
Tax on profit/loss for the year	1,219	3,089
Exchange adjustments	4,580	-1,040
	28,404	**25,718**

Notes to the Financial Statements

16. Cash flow statement - Change in working capital

	Group 2023 TDKK	Group 2022 TDKK
Change in inventories	16,373	-21,731
Change in receivables	426	11,616
Change in trade payables, etc	-11,554	-2,450
Fair value adjustments of hedging instruments	82	-4,578
	5,327	**-17,143**

17. Contingent assets, liabilities and other financial obligations

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Charges and security				
The following assets have been placed as security with bankers:				
Lease assets are pledged as collateral for lease obligations	85,667	92,031	85,667	92,031

Rental and lease obligations

The Company has entered into operating leases representing the following amounts remaining terms in 24-39 months with an average monthly payment of TDKK 345, totalling TDKK 8,380. Includes rent of property.

In addition the Company and the Group have entered into finance leases, which have been recognised in the balance sheet: see note 8.

The Group has entered into leases with a remaining term of 24-112 months with an average monthly lease payment of TDKK 409, totalling TDKK 15.535. Includes rent of property.

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

17. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company has provided absolute guarantee for a Group entity.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Rasmus Investments ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

18. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Rasmus Holding ApS, Ikast	Parent company
Rasmus Investments ApS, Ikast	Ultimate parent company
Rasmus Niebuhr, Ikast	Main shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

There are no transactions to disclose.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Rasmus Investments ApS	Denmark

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Niebuhr Gears A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 are presented in TDKK.

Changes in accounting policies

A few reclassifications have been made in the comparative figures. In 2022 Other operating income (TDKK 2,460) was not included in gross profit/loss, which it is this year.

The reclassifications have no effect on the result, balance sheet or equity. In addition, the accounting policies used are unchanged compared to previous years.

Recognition and measurement

All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Niebuhr Gears A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Notes to the Financial Statements

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Notes to the Financial Statements

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, production expenses and other operating income.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Rasmus Investments ApS and other Danish group entities. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Aquired licenses are measured at the lower of cost less accumulated amortisation and recoverable amount. Aquired licenses are amortised over the remaining period.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-10 years

The fixed assets' residual values are determined on an individual basis.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of receivables from group enterprises.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity