

MCC Denmark A/S

Sjællandsvej 7, 9500 Hobro

CVR no. 81 54 63 12

Annual report 2022

Approved at the Company's annual general meeting on 29 June 2023

Chair of the meeting:

A handwritten signature in blue ink, reading "Jannu Bhah", is written over a horizontal dotted line.

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Cash flow statement	12
Notes to the financial statements	13

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of MCC Denmark A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Hobro, 29 June 2023
Executive Board:

7/24/2023

DocuSigned by:
Alf Møller
C9E330416C45465...

Alf Møller
CEO

Board of Directors:

DocuSigned by: 7/23/2023
Tanu Mahajan Bhati
277F63D92DE348B...

Tanu Mahajan Bhati
Chairman

DocuSigned by: 7/21/2023
Matthew Keith Skiles
EE8B46AA4C6A452...

Matthew Keith Skiles

DocuSigned by: 7/21/2023
Georg Kasperkovitz
0FAB95C382541C...

Georg Kasperkovitz

Independent auditor's report

To the shareholders of MCC Denmark A/S

Opinion

We have audited the financial statements of MCC Denmark A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement 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 financial position of the Company at 31 December 2022 and of the results of the Company's operations as well as the cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control 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 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Aarhus, 29 June 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28



Lone Nørgaard Eskildsen
State Authorised Public Accountant
mne32085

Management's review

Company details

Name	MCC Denmark A/S
Address, Postal code, City	Sjællandsvej 7, 9500 Hobro
CVR no.	81 54 63 12
Established	30 June 1977
Registered office	Mariagerfjord
Financial year	1 January - 31 December
Website	www.mcclabel.com
Telephone	+45 98 52 40 00
Board of Directors	Tanu Mahajan Bhati, Chairman Matthew Keith Skiles Georg Kasperkovitz
Executive Board	Alf Møller, CEO
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, P.O. Box 330, 8100 Aarhus C, Denmark

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
---------	------	------	------	------	------

Key figures

Operating profit/loss	3,579	7,990	2,911	-1,841	-375
Net financials	-462	-941	-477	-451	-427
Profit for the year	2,282	6,244	2,052	-2,292	-802

Total assets	45,274	44,908	40,577	44,255	44,384
Investments in property, plant and equipment	2,265	288	820	8,637	2,117
Equity	11,670	9,388	3,144	7,031	9,323

Financial ratios

Return on assets	7.9%	18.7%	6.9%	-4.2%	-0.8%
Equity ratio	25.8%	20.9%	7.7%	15.9%	21.0%

Average number of full-time employees	52	53	60	63	69
--	-----------	-----------	-----------	-----------	-----------

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's activities are to produce and sell labeling solutions to be used within all sectors in manufacturing as well as wholesale, primarily in Europe.

Our team is focused on ensuring Customer Focus, Financial & Operational Excellence and good People Leadership.

Financial review

The income statement for 2022 shows a profit of DKK 2,282 thousand against a profit of DKK 6,244 thousand last year, and the balance sheet at 31 December 2022 shows equity of DKK 11,670 thousand.

The Company's income is below expectations from last year's annual report. The profit expectation for 2022 was a profit before tax of TDKK 7,000-10,000. The profit is below expectations due to lower sales than expected and price increases on materials and electricity.

Impact on the external environment

Management initiates ongoing investments in environment- and energy saving measures various kinds. Besides the above, the Company's activities don't affect the external environment significantly.

Events after the balance sheet date

No post balance sheet events have occurred, which could materially affect the assessment of the Company's financial position.

Outlook

The Company's profit for 2023 is expected to be in the range of TDKK 2,000-4,000.

Financial statements 1 January - 31 December**Income statement**

Note	DKK'000	<u>2022</u>	<u>2021</u>
	Gross profit	39,183	41,913
2	Staff costs	-33,885	-32,169
	Amortisation/depreciation and impairment of property, plant and equipment	-1,719	-1,754
	Profit before net financials	<u>3,579</u>	<u>7,990</u>
3	Financial income	1	0
4	Financial expenses	-463	-941
	Profit before tax	<u>3,117</u>	<u>7,049</u>
5	Tax for the year	-835	-805
	Profit for the year	<u><u>2,282</u></u>	<u><u>6,244</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	ASSETS		
	Fixed assets		
6	Property, plant and equipment		
	Plant and machinery	10,408	9,897
	Leasehold improvements	221	185
		<u>10,629</u>	<u>10,082</u>
	Total fixed assets	<u>10,629</u>	<u>10,082</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	9,875	3,288
	Work in progress	779	735
	Finished goods and goods for resale	4,850	5,076
		<u>15,504</u>	<u>9,099</u>
	Receivables		
	Trade receivables	15,324	18,792
8	Deferred tax assets	468	1,303
	Other receivables	99	1,351
7	Deferred income	824	695
		<u>16,715</u>	<u>22,141</u>
	Cash	<u>2,426</u>	<u>3,586</u>
	Total non-fixed assets	<u>34,645</u>	<u>34,826</u>
	TOTAL ASSETS	<u><u>45,274</u></u>	<u><u>44,908</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2022	2021
	EQUITY AND LIABILITIES		
	Equity		
	Share capital	4,500	4,500
	Retained earnings	7,170	4,888
	Total equity	11,670	9,388
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Lease liabilities	1,920	2,439
		1,920	2,439
	Current liabilities other than provisions		
9	Current portion of long-term liabilities	519	0
	Lease liabilities	0	509
	Trade payables	15,160	17,127
10	Payables to group entities	11,328	574
	Other payables	4,677	14,696
11	Deferred income	0	175
		31,684	33,081
	Total liabilities other than provisions	33,604	35,520
	TOTAL EQUITY AND LIABILITIES	45,274	44,908

- 1 Accounting policies
- 12 Contractual obligations and contingencies, etc.
- 13 Related parties
- 14 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2022	4,500	4,888	9,388
14	Transfer, see "Appropriation of profit"	0	2,282	2,282
	Equity at 31 December 2022	4,500	7,170	11,670

Financial statements 1 January - 31 December**Cash flow statement**

Note	DKK'000	2022	2021
	Profit for the year	2,282	6,244
15	Adjustments	3,018	3,500
	Cash generated from operations (operating activities)	5,300	9,744
16	Changes in working capital	-13,978	9,436
	Cash generated from operations (operating activities)	-8,678	19,180
	Interest received, etc.	1	57
	Interest paid, etc.	-463	-998
	Income taxes paid	0	-382
	Cash flows from operating activities	-9,140	17,857
	Additions of property, plant and equipment	-2,265	-288
	Cash flows to investing activities	-2,265	-288
	Proceeds of debt, finance leases	-509	-498
	Repayments, long-term liabilities	0	-2,995
	Repayments, borrowings from group entities	10,754	-10,490
	Cash flows from financing activities	10,245	-13,983
	Net cash flow	-1,160	3,586
	Cash and cash equivalents at 1 January	3,586	0
	Cash and cash equivalents at 31 December	2,426	3,586

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of MCC Denmark A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies are consistent with those of prior years.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gross profit

With reference to section 32 of the Danish Financial Statements Act, the items 'Revenue' up to and including 'Other external expenses' are consolidated into one item designated 'Gross margin'.

Raw materials and consumables, etc.

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

External expenses

Other external expenses include the year's expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Depreciation

The item comprises depreciation of property, plant and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	3-10 years
---------------------	------------

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that concern the financial year. Net financials include interest income and expenses, realised and unrealised exchange gains and losses on foreign currency transactions, amortisation of mortgage loans and surcharges and allowances under the advance-payment-of-tax-scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Impairment of fixed assets

An impairment test is made for items of property, plant and equipment if there is evidence of impairment. The impairment test is made for each individual asset or group of assets, respectively. The assets are written down to the higher of the value in use and the net selling price of the asset or group of assets (recoverable amount) if it is lower than the carrying amount.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Given the nature of the Group's cash pool arrangement, cash pool balances are not considered cash, but are recognised under "Receivables from group entities".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Provisions for deferred tax are calculated at 22% of all temporary differences between carrying amounts and tax values, with the exception of temporary differences occurring at the time of acquisition of assets and liabilities neither affecting the results of operations nor the taxable income, as well as temporary differences on non-amortisable goodwill.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other liabilities are measured at amortised cost corresponding to the nominal unpaid debt.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	$\frac{\text{Profit/loss before net financials +/- Other operating income and other operating expenses}}{\text{Average assets}} \times 100$
Return on assets	$\frac{\text{Profit/loss from operating activities}}{\text{Average assets}} \times 100$
Equity ratio	$\frac{\text{Equity, year-end}}{\text{Total equity and liabilities, year-end}} \times 100$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	2022	2021	
2 Staff costs			
Wages/salaries	32,111	30,868	
Other social security costs	1,665	1,067	
Other staff costs	109	234	
	<u>33,885</u>	<u>32,169</u>	
Average number of full-time employees	<u>52</u>	<u>53</u>	
Total remuneration to Management: DKK'000 1.261. By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration of Management is not disclosed for 2021.			
3 Financial income			
Other financial income	1	0	
	<u>1</u>	<u>0</u>	
4 Financial expenses			
Interest expenses, group entities	218	609	
Exchange adjustments	220	297	
Other financial expenses	25	35	
	<u>463</u>	<u>941</u>	
5 Tax for the year			
Deferred tax adjustments in the year	835	805	
	<u>835</u>	<u>805</u>	
6 Property, plant and equipment			
DKK'000	Plant and machinery	Leasehold improvements	Total
Cost at 1 January 2022	81,237	195	81,432
Additions in the year	2,190	76	2,266
Cost at 31 December 2022	<u>83,427</u>	<u>271</u>	<u>83,698</u>
Impairment losses and depreciation at 1 January 2022	71,340	10	71,350
Amortisation/depreciation in the year	1,679	40	1,719
Impairment losses and depreciation at 31 December 2022	<u>73,019</u>	<u>50</u>	<u>73,069</u>
Carrying amount at 31 December 2022	<u>10,408</u>	<u>221</u>	<u>10,629</u>
Property, plant and equipment include finance leases with a carrying amount totalling	<u>4,125</u>	<u>0</u>	<u>4,125</u>
Depreciated over	<u>3-10 years</u>	<u>3-10 years</u>	

Financial statements 1 January - 31 December**Notes to the financial statements****7 Deferred income**

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

DKK'000	2022	2021
8 Deferred tax		
Deferred tax at 1 January	-1,303	-2,108
Amounts recognised in the income statement for the year	835	805
Deferred tax at 31 December	-468	-1,303

The recognised tax asset comprises tax loss carry-forwards and unused tax credits arising from temporary differences expected to be utilised within the next 1-2 years. In connection with the assessment of the utilisation of the tax asset, the company expects an increased activity and earning in the coming years.

9 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	2,439	519	1,920	0
	2,439	519	1,920	0

10 Payables to group entities

The MCC Group has concluded an agreement regarding a cash pool scheme, according to which MCC is the account holder and MCC Denmark A/S is the sub-account holder together with the MCC's other group entities. Under the terms agreed for the cash pool scheme, the bank is entitled to settle withdrawals and balances with each other whereby only the net balance of the total cash pool accounts makes up MCC group' balance with the bank.

MCC Denmark A/S' account in the cash pool scheme, which is recognised as a payable to group entities, made up an account balance of DKK 9,708 thousand at 31 December 2022.

11 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Financial statements 1 January - 31 December**Notes to the financial statements****12 Contractual obligations and contingencies, etc.****Other financial obligations**

Other rent and lease liabilities:

DKK'000	2022	2021
Rent and lease liabilities	11,099	13,774

Rent and lease liabilities include liabilities under operating leases for cars and tools and equipment with remaining contract terms of up to 5 years.

DKK'000		
Within 1 year	1,672	1,565
Between 1 and 5 years	6,310	5,532
More than 5 years	3,117	6,677
	11,099	13,774

13 Related parties

MCC Denmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
MCC Verstraete N.V.	Vliegplein 20, 9991 Meldegem, Belgium	Parent Company
Clayton Dubilier & Rice Inc.	United States	Ultimate parent company

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
MCC Verstrate N.V.	Belgium	Vliegplein 20, 9991 Meldegem, Belgium

Related party transactions

MCC Denmark A/S was engaged in the below related party transactions:

DKK'000	2022	2021
Sale of goods and services to group entities	2,783	1,573
Purchase of goods and services from group entities	6,725	9,611
Interest expense to group entities	218	609
Receivables from group entities	115	0
Payables til affiliated companies	11,442	574

Financial statements 1 January - 31 December

Notes to the financial statements

DKK'000	<u>2022</u>	<u>2021</u>
14 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	2,282	6,244
	<u>2,282</u>	<u>6,244</u>
15 Adjustments		
Amortisation/depreciation and impairment losses	1,719	1,754
Financial income	1	0
Financial expenses	463	941
Tax for the year	835	805
	<u>3,018</u>	<u>3,500</u>
16 Changes in working capital		
Change in inventories	-6,405	1,056
Change in receivables	4,591	-5,475
Change in trade and other payables	-12,164	13,855
	<u>-13,978</u>	<u>9,436</u>