Schur®

LEADER OF THE PACK SINCE 1846

Annual Report

2022/23

The Annual Report was presented and adopted at the
Annual General Meeting on April 25, 2024

Chairman of the meeting: Søren Birn

Schur International Holding a/s. J.W. Schurs Vej 1, 8700 Horsens. CVR. No. 83100028

Schur.com

01 Management´s report

Financial highlights

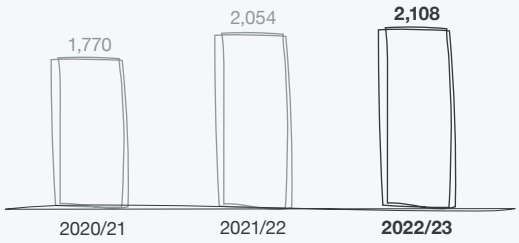
DKK million	2022/23	2021/22	2020/21	2019/20	2018/19
Income statement					
Revenue	2,108.4	2,054.4	1,770.3	1,654.3	1,555.4
Gross profit	481.0	463.4	396.4	337.7	318.3
Operating income from ordinary activities	146.3	130.1	78.8	54.6	35.8
EBIT	182.3	145.1	105.8	75.7	78.8
EBITDA	339.6	315.3	274.8	239.7	225.6
Net financials	9.0	26.2	65.1	27.0	12.6
Profit before tax (EBT)	191.3	171.3	170.9	102.7	91.4
Profit for the year	138.4	125.5	132.8	74.2	71.2
Balance sheet					
Balance sheet total	2,301.6	2,354.0	2,195.4	2,256.8	2,251.8
Net working capital	410.8	558.4	370.8	303.7	280.0
Net interest bearing debt	105.1	310.2	320.7	324.1	388.3
Equity	1,618.7	1,507.8	1,396.5	1,378.5	1,338.9
Cash flow					
Cash flow from operating activities	399.4	88.5	178.9	214.8	197.3
Cash flow from investing activities	-229.8	-94.3	-59.1	-101.7	-271.2
Cash flow from financing activities	-38.0	-28.0	-180.8	-18.1	-37.8
Total cash flow	131.6	-33.8	-61.0	95.0	-111.7
Investments in property, plant and equipment*	-142.8	-112.7	-106.1	-81.7	-196.2
Financial ratios					
Gross margin	22.8%	22.6%	22.4%	20.4%	20.5%
EBITDA margin	16.1%	15.3%	15.5%	14.5%	14.5%
EBT margin	9.1%	8.3%	9.7%	6.2%	5.9%
Equity ratio	70.3%	64.1%	63.6%	61.1%	59.5%
Return on equity	8.9%	8.6%	9.6%	5.5%	5.4%
Leverage ratio	0.35	1.03	1.29	1.48	2.13
Employees at the end of the year	905	918	919	877	938
Average employees for the year	917	924	896	896	848

*Investments in property, plant and equipment are exclusive of additions relating to acquired subsidiaries.

Schur at a glance 2022/23

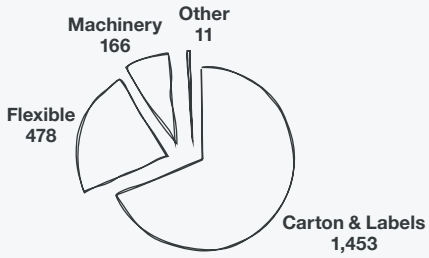
+2.6%

NET REVENUE GROWTH RATE



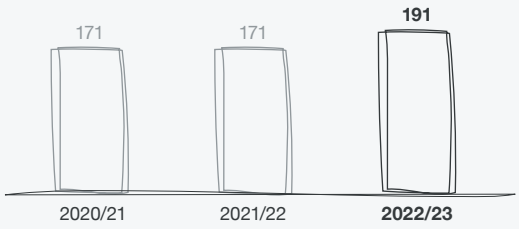
2,108 DKK million

NET REVENUE SEGMENTS



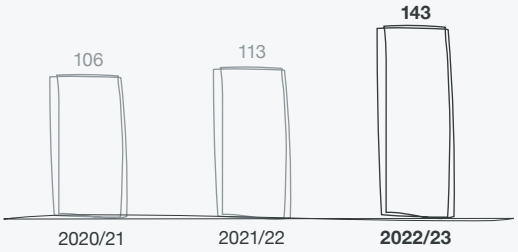
+11.7%

PROFIT BEFORE TAX (EBT)



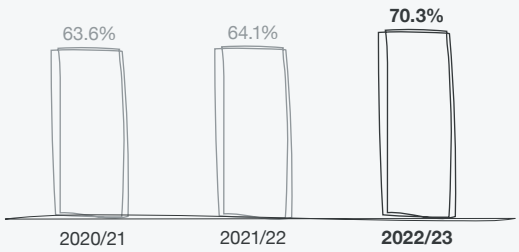
143 DKK million

INVESTMENTS IN TANGIBLE FIXED ASSETS



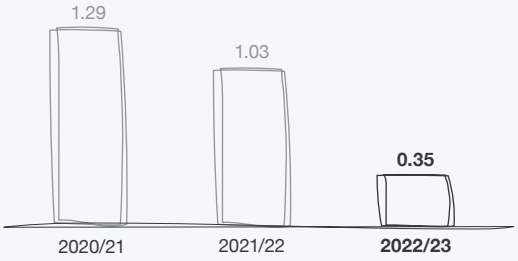
70.3%

EQUITY RATIO



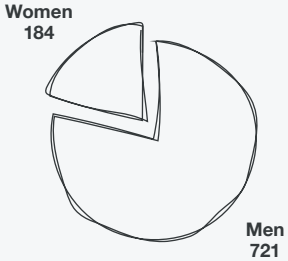
0.35

LEVERAGE RATIO



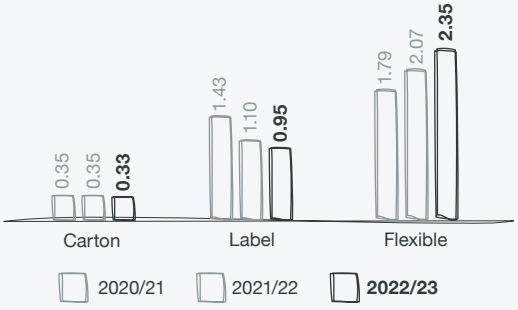
905

EMPLOYEES END OF YEAR



Carton 0.33 | Label 0.95 | Flexible 2.35

ENERGY INTENSITY PER SOLD KG (KWH/KG)



Company presentation

Schur's activities

Schur is the world's oldest family-owned packaging group with more than 177 years of experience. Our goal has always been, to develop the packaging solutions of the future, together with our customers. We operate globally, and our main activities are carton packaging, flexible packaging, packaging technology, and marking & labels.

In all our activities, we aim to set the bar for packaging innovation and creativity, and we push ourselves to be 'Leader Of The Pack'. We are an end-to-end supplier in packaging solutions with all of our subsidiaries collaborating using their competences across our production sites. The products of the folding carton companies are mainly sold in Northern Europe and the USA, whereas the flexible packaging companies and machinery company sell their products worldwide.

ESG reporting

Schur contributes to a social, environmental and economic sustainable development. Our commitment is based on internationally approved principles on human rights and environmental standards. The principles are all referenced by the UN's Global Compact, OECD Guidelines for Multinational Enterprises and UN's Guiding Principals on Business and Human Rights. Naturally the UN's 17 Sustainable Development Goals are integrated in our strategy. Beside our obvious focus on reducing our carbon footprint, Schur will primarily focus on goals #8 Decent work and economic growth, #9 Industry, innovation and infrastructure and #12 Responsible consumption and production.

For reporting on Schur's ESG activities, in accordance with § 99a and §99 b in the Danish FSA, reference is made to our Sustainability Report on our homepage: https://www.schur.com/sustainability/sustainability-reports/

The sustainability report also contains an explanation of the gender composition of the company's management.

Founded in 1846

Operating since 1846, Schur is the oldest family-run packaging business in the world. Tradition and innovation have been integral parts of our DNA, and the combination of the two has been crucial in our journey towards being 'Leader of the pack'.

900 employees

We are around 900 employees across our group companies who are dedicated to service our customers and stakeholders in the best way possible.

Key events in 2022/23

This financial year has been marked by inflation, price increases and decreasing demand from our customers. Volumes have dropped for the group as a whole.

Despite these macroeconomic challenges - high inflation, inventory adjustments and subsequent lower demand for our products - we consider the result for 2022/23 as satisfactory.

Following the raw material shortage and cost increases of 2022, our purpose was to secure a stable and healthy business for 2023 and on.

Inflation and volumes

Despite the fact that the biggest part of our products is delivered to the food industry - which is normally relatively stable - we have also seen a drop in demand from our customers in this segment as a consequence of the inflationary pressure. In some of our companies up to 15% reduction, whereas others have managed to maintain same volume level as last year.

The inflation has also been a challenge for our employees and in January 2023, we decided to give a one-off inflation aid to all of our employees. The total expense was DKK 8 million.

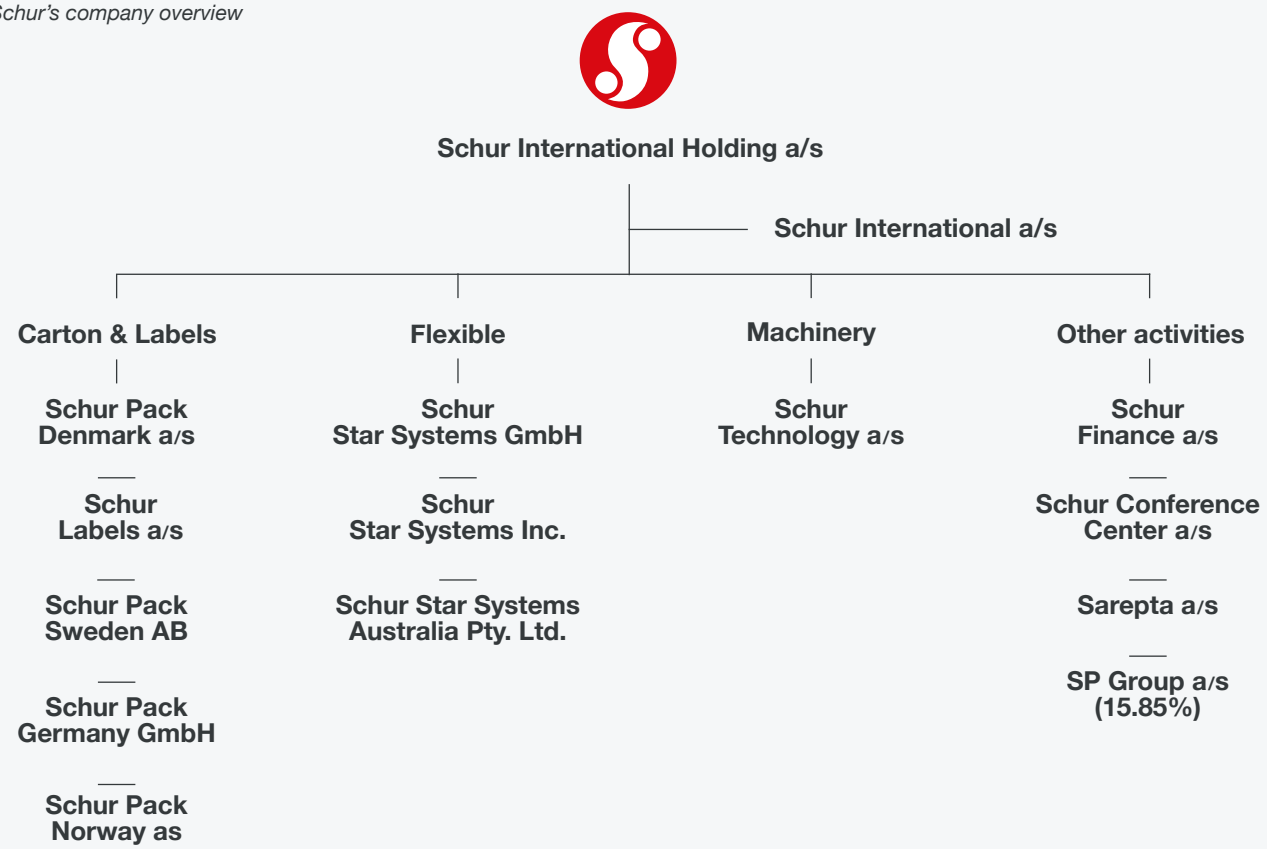
Even though energy prices have declined in general in 2022/23, our total energy costs have increased as some of our plants have had a fixed price agreement for electricity.

Optimization of production flow

This year we have invested significantly in internal logistics in our carton factories in Vejle and Kumla. In Vejle, a new high-storage warehouse has been built and the entire production has been moved around to achieve a more optimal production flow.

In Kumla, the production flow from the gluing department to the finished goods warehouse and outbound logistics has also been improved with a new hall and automatization of the packaging lines.
Both projects are expected to be completed in the beginning of the new financial year.

Schur's company overview



Continuous investment in the group's production facilities will always be key for us to be able to deliver the best service to our customers in an efficient and competitive way. Furthermore, we are proud that these two projects, as well as previous projects, have been completed in close cooperation between the carton companies and our automation experts from Schur Technology.

Sustainability focus

As mentioned, ensuring sustainable production for people and the climate is an important part of our group's DNA. We therefore welcome the many new initiatives within EU's upcoming packaging & packaging waste regulation (PPWR), the extended producer responsibility (EPR) and the new reporting directive (CSRD).

In 2022/23, we have implemented a new sustainability strategy, which will be materialized in concrete goals and initiatives over the coming years. Before we can determine concrete targets, it requires that we have reliable data.

Despite the fact, that we have not yet set a base year and concrete targets, we are not waiting to invest in sustainable solutions. This year we have, among other things, renewed our waste handling system, at Schur Pack Denmark in Horsens, which has resulted in an energy reduction of 600,000 kwh, which corresponds to more than 10% of the factory's energy consumption. A similar system will be installed in Schur Pack Denmark in Vejle in 2023/24.

In 2023/24, solar panels will be installed on the Danish production facilities and at the factories in Flensburg and Melbourne. We continuously analyse what steps we can take to make our energy consumption as green as possible.

Digitalization strategy

Schur's digitalization strategy, based on the Dynamics 365 platform from Microsoft, is now operational across all group companies at various levels. Two-thirds of the group companies have implemented Microsoft CE (CRM), document handling on SharePoint and Teams, and have commenced using Business Intelligence for more advanced data analysis. The parent company is utilizing D365 FO, and we are nearing the completion of the D365 FO core solution for all manufacturing sites, with plans to initiate the rollout in 2024.

Financial performance 2022/23

2,108
DKK Million
Net Revenue

105
DKK Million
Net Interest bearing debt

191
DKK Million
Profit before tax

0.35
Leverage ratio

In our recent annual report, we forecasted revenue to be between DKK 2.0 and 2.2 billion and a profit before tax between DKK 160 million and DKK 180 million.

Despite great uncertainties related to inflation and fluctuating demand, these expectations have been met. Revenue increased by DKK 54 million (2.6% increase) and profit before tax was DKK 20 million higher than last year.

However volumes have decreased in most of our companies, with the exception of our Swedish and German carton companies, which have maintained the volumes. This year's increase in revenue is thus primarily due to inflationary adjustments.

The improved result is primarily the result of improvements in production efficiency due to investments in new production technology as well as increase in other operating income. Furhtermore last year was affected by extraordinary expenses in connection with the integration of Interket in the label business.

Allthough we invested DKK 177 million in intangible and tangible fixed assets the positive cash flow from operating activities made it possible for us to lower the net interest-bearing debt by 205 DKK million.

This year we have had a very strong focus on bringing our working capital down to an acceptable level. This has made a positive contribution of DKK 148 million to our cash flow.

Leverage ratio (net interest-bearing debt/adjusted EBITDA) has decreased from 1.03 to 0.35, mainly driven by our focus on reducing our working capital.

Outlook 2023/24

Packaging is very much in focus these days. Many initiatives have been started in order to change consumer behaviour (sorting at source) and new products are being introduced with the goal to increase recycling and reduce environmental impact. We constantly aim to develop new solutions, which can help reduce food waste and increase the extent of recycling and reuse, and we seek to lead the industry with our contribution to a circular economy.

The market situation for the West European carton market is estimated to show an increase in demand in the long term primarily due to the industry being geared towards recyclability and reusability. In the short term though, we expect to see a minor decrease in demand as a result of a contiuned slow economy in Europe going in to 2024.

Schur is committed to setting the stage for the most modern production and logistics technology on the market and has in recent years invested heavily in product development and state-of-the-art production technology. We will continue to invest in new production equipment with expected investments between DKK 140 million and DKK 160 million in 2023/24 alone. We strive to be a total solution supplier for our customers and therefore see our internal developments across the companies in our group, as a vital part of our continuous aim to be Leader of the Pack.

We depend on our customers' sales and product development, and we are pleased to contribute with an innovative approach while creating new sustainable solutions in close collaboration with our customers.

With the EU's upcoming packaging regulation, there will be new challanges, but also opportunities for the packaging industry. We will aim to create value from of these opportunities and take our group of companies to the next level as an innovative total soloution supplier of packaging. We expect that the decreasing demand in volumes and continued price pressure from customers will affect the entire financial year 2023/24.

In 2023/24, we expect a revenue between DKK 2.0 - 2.2 billion and a profit before tax between DKK 140 million and DKK 160 million.

Risk management

Identification and management of business risks are significant strategic focus areas that are annually reviewed and determined by the management and the Board of Directors.

Business risk

Reducing packaging waste is subject to much focus. The special challenges of the industry will be to develop new products to meet the consumers' and customers' demands for reduced environmental impact. These demands may be supplemented by local and/or international regulatory initiatives.

Recent years have shown that it is crucial to have secure supply chains, as these are far more fragile than they have been in the past. Thus, we have experienced a great risk to secure deliveries of raw materials. We take this risk seriously and are always in close dialogue with our suppliers to secure our deliveries.

Price risk

The packaging market's use of raw materials, which are based on oil or fibre, incurs a certain risk because of fluctuations in prices which may affect the companies' and thereby the Group's earnings capacity as the price increases cannot immediately be transferred to the selling prices.

Energy risk

The process energy of the packaging companies is based on electricity and therefore the group is sensitive to price developments of electricity.

The group follows the price development of electricity closely and considers where and when hedging the price on electricity may be relevant. The group has partially hedged the purchase of electricity in the first couple of month of the coming financial year. The current accounting year is characterised by decreasing energy prices in the companies that did not hedge the purchase and a pretty high energy price for those companies that was still part of a hedge.

Interest rate risk

The activities of the Group and the financing of these mean that profit, cash flow and equity will be influenced by the development in interest rates. In accordance with the interest rate policy of the Group, the extent of the interest rate risk is evaluated, and interest rate hedging is carried out if this is considered necessary. At the end of the accounting year, there is no interest rate hedging.

Currency rate risk

The activities of the Group abroad imply that the results of operations, cash flow and equity will be influenced by the foreign exchange movements in several currencies. The primary currencies of the Group's business activities are EUR, SEK, NOK, GBP, USD and AUD. Compared to the rate of exchange prevailing at the beginning of the accounting year, the changes in foreign exchange rates had a certain effect on revenue and net profit in the Swedish carton company and in the Technology company.

According to the currency policies, the Group intends to hedge the currency positions excluding shares in investments in subsidiaries and the coming 12 months' net flow of foreign currency by using financial instruments, including especially forward contracts. However, hedging is only taken out for selected currencies subject to specific risk.

Liquidity risk

It is the Group's objective to have sufficient cash resources at its disposal to ensure appropriate financial decisions in the event of unforeseen fluctuations.

Credit risks

Schur has systematized monitoring of its customers' and cooperative partners' credit rating and has, furthermore, taken out credit insurance for partial hedging of relevant risks.

IT security strategy and cyber risk

We see an increasing number of cybercrime and hacker attacks on all companies, and together with increasing demands in GDPR and certifications, Schur has therefore decided to upgrade the IT security strategy and prioritizations.

Our security level at our hosting partner is now upgraded to a higher level and includes a dedicated IT security team who is monitoring all Schur companies 24/7. This includes an expanded range of focus areas such as IT infrastructure, updated firewalls, and security setups for each IT client. We have increased our focus on awareness training to prevent phishing mail cyberattack, and Schur has prepared a roadmap for IT security activities to upgrade our IT security setup together with a well prepared and tested IT risk contingency plan. We believe that this increases our IT security level in Schur. However, this is a high priority area which we still need to invest in and upgrade during the coming years.

Insurances

The insurance market has been characterized by rising premium rates and selective underwriting and more focus on risk. In order to meet the increasing insurance demands and maintain the current premium rates and total insurance costs, Schur continue to implement disruption scenario and emergency reports with focus on risk and renewal data in all companies. As a result of the many measures for improvements and focus on delivery terms, the year was characterized by a generally declining number of insurance cases, especially concerning damage to property and third-party claims. The current insurance programme is assessed on an annual basis in cooperation with the Group's insurance advisor. Due to the upgrade of the IT security strategy and prioritizations, Schur International Holding a/s will focus on a Cyber insurance policy for all Schur companies in the new financial year.

GDPR & Data ethics

Schur International Holding a/s has completed the policy for data ethics based on the group's GDPR policy. The policy determines the group's data ethics guidelines for collection, use and sharing of data in order to ensure good practice and take into account the rights of customers, business partners and employees.

Data is collected, used and shared within the group in accordance with applicable legislation and with a legitimate business purpose. Data is stored securely and with unequivocal authority in accordance with fixed procedures for deletion and access requests, etc.

Schur International Holding a/s works systematically to secure stored data against cyberattacks. Data security is continuously monitored and checked immediately in the event of suspected attacks. Any breach of data security or leakage of personal data is reported to the relevant authorities for Data Supervision.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02 Consolidated financial statements

Income statement

DKK '000	Note	2022/23	2021/22
Revenue	1	2,108,359	2,054,363
Production costs	2+3	-1,627,361	-1,590,963
Gross profit		**480,998**	**463,400**
Sales and distribution costs	2+3	-181,971	-181,958
Administration expenses	2+3	-152,714	-151,343
Other operating income	4	36,970	18,540
Other operating costs	5	-976	-3,509
Profit before net financials		**182,307**	**145,130**
Income from associated companies	11	16,554	25,090
Financial income	6	5,850	11,985
Financial expenses	7	-13,363	-10,889
Profit before tax		**191,348**	**171,316**
Tax on profit for the year	8	-52,949	-45,785
Profit for the year		**138,399**	**125,531**

Balance sheet

Assets

DKK '000	Note	2022/23	2021/22
Completed development projects		6,444	203
Customer relations		6,407	13,595
Goodwill		36,904	44,944
IT development and software		17,861	12,816
Intangible assets in progress		52,359	33,313
Intangible assets	9	**119,975**	**104,871**
Land and buildings		486,672	472,181
Plant and machinery		452,387	494,522
Other plant, operating equipment, tools and equipment		31,213	32,556
Tangible assets under construction		76,097	65,603
Property, plant and equipment	10	**1,046,369**	**1,064,862**
Investments in associated companies	11	250,889	214,405
Other securities and equity investments	12	10,019	19
Other receivables	12	5,544	5,475
Investments		**266,452**	**219,899**
Total non-current assets		**1,432,796**	**1,389,632**
Raw materials and consumables		124,062	238,410
Work-in-progress		55,879	53,364
Finished goods and goods for resale		131,497	141,683
Prepayments for goods		1,112	2,798
Inventory		**312,550**	**436,255**
Trade receivables		341,632	387,894
Contract work in progress	13	10,645	22,671
Other receivables		22,270	22,405
Deferred tax assets	14	4,581	8,430
Corporation tax receivables		0	319
Prepayments and accrued expenses	15	23,947	13,262
Receivables		**403,075**	**454,981**
Securities	23	**58,048**	**0**
Cash and cash equivalents		**95,131**	**73,189**
Total current assets		**868,804**	**964,425**
Total assets		**2,301,600**	**2,354,057**

Equity and liabilities

DKK '000	Note	2022/23	2021/22
Share capital	16	31,500	31,500
Hedging transactions reserve		0	-167
Exchange adjustment reserve		-9,910	12,729
Retained earnings		1,577,136	1,443,782
Proposed dividends for the year		20,000	20,000
Total equity		**1,618,726**	**1,507,844**
Provision for deferred tax	14	33,912	34,484
Other provisions	17	9,296	11,662
Total provisions		**43,208**	**46,146**
Credit institutions and bank loans		180,889	205,507
Deferred income	18	51,439	58,330
Non-current liabilities	19	**232,328**	**263,837**
Current portion of non-current liabilities other than provisions	19	11,553	4,956
Bank loans		43,389	153,021
Prepayments from customers		2,274	5,705
Trade payables		122,271	157,007
Invoicing on account contract work in progress	13	9,155	8,159
Tax payables		56,053	53,853
Other debt		152,705	141,401
Deferred income	18	9,938	12,128
Current liabilities		**407,338**	**536,230**
Total liabilities		**639,666**	**800,067**
Total equity and liabilities		**2,301,600**	**2,354,057**

Fee for auditor appointed by the General Meeting	20
Contractual obligations, contingent liabilities, etc.	21
Pledged assets and guarantees	22
Financial instruments	23
Related parties	24

Distribution of the profit for the year appears from note 19 to the financial statements of the Parent Company.

Statement of changes in equity

DKK'000	Share capital	Hedging trans-action reserve	Exchange adjust-ment reserve	Retained earnings	Proposed dividend	**Total**
Equity at 1 November 2022	31,500	-167	12,729	1,443,782	20,000	**1,507,844**
Ordinary dividends paid	0	0	0	0	-20,000	**-20,000**
Profit for the year	0	0	0	118,399	20,000	**138,399**
Currency translation adjustments	0	0	-22,639	0	0	**-22,639**
Equity adjustments in associated companies	0	0	0	14,955	0	**14,955**
Adjustment of hedging instruments at fair value, net	0	203	0	0	0	**203**
Tax on changes in equity	0	-36	0	0	0	**-36**
Equity at 31 October 2023	**31,500**	**0**	**-9,910**	**1,577,136**	**20,000**	**1,618,726**

Consolidated cash flow statement

DKK '000	Note	2022/23	2021/22
Cash flows from operating activities			
Profit for the year		138,399	125,531
Tax on profit for the year		52,949	45,785
Adjustments	25	107,566	117,820
Change in working capital	26	147,572	-184,880
Cash flows from operating activities before tax		**446,486**	**104,256**
Corporation tax paid		-47,107	-15,750
Cash flows from operating activities after tax		**399,379**	**88,506**
Cash flows from investing activities			
Purchase of intangible fixed assets		-34,483	-24,582
Purchase of property, plant and equipment		-142,808	-112,674
Sale of property, plant and equipment		22,121	41,151
Purchase of associated companies		-10,796	-12,409
Dividends received from associated companies		5,821	5,793
Additions financial fixed assets		-18,854	-2,957
Disposals financial fixed assets		5,076	6,184
Purchase of securities		-59,459	0
Sale of securities		2,287	5,190
Dividends and bond yields – investment portfolio		362	0
Sale of activities and companies		949	0
Cash flows from investing activities		**-229,784**	**-94,304**
Net cash flows from financing activities			
Change in long-term debt, net		-18,022	-26,961
Dividends paid		-20,000	-1,050
Net cash flows from financing activities		**-38,022**	**-28,011**
Cash flows from operating activities after tax		399,379	88,506
Cash flows from investing activities		-229,784	-94,303
Net cash flows from financing activities		-38,022	-28,011
Cash flow for the year		**131,573**	**-33,808**
Cash and cash equivalents and short-term bank loans at 31 October			
Cash and cash equivalents and short-term bank loans at 1 November		-79,831	-46,024
Cash flow for the year		131,573	-33,808
Cash and cash equivalents and short-term bank loans at 31 October	27	**51,742**	**-79,832**

The cash flow statement cannot be directly derived from the consolidated financial statements' other components.

Notes

1. Revenue

DKK '000	2022/23	2021/22
Germany	601,336	538,252
Denmark	516,578	553,689
Sweden	248,683	240,692
Poland	130,080	129,487
Australia and New Zealand	124,686	125,673
Norway	107,524	101,434
USA	83,957	62,185
Great Britain	52,655	70,140
The Netherlands	36,364	35,366
Switzerland	36,320	30,566
Other countries	170,176	166,879
	2,108,359	**2,054,363**
Segment information		
Carton & Labels	1,453,413	1,422,962
Flexible	477,631	471,220
Machinery	166,449	149,851
Other activities	10,866	10,330
	2,108,359	**2,054,363**

2. Staff costs

DKK '000	2022/23	2021/22
Salaries and wages	442,541	443,391
Pensions	30,134	26,665
Other social security costs	45,845	45,521
Other staff costs	10,916	10,424
	529,436	**526,001**
Staff costs are included as follows:		
Production costs	362,811	363,874
Sales and distribution costs	82,637	78,443
Administrative expenses	83,988	83,684
	529,436	**526,001**
Salaries and fees including pensions paid to the Management Board	5,323	5,160
Salaries and fees including pensions paid to the Board of Directors	1,900	1,800
Average number of full-time employees	917	924
Number of full-time employees, year-end	905	918

3. Depreciation and amortisation of intangible assets and property, plant and equipment

DKK '000	Production costs	Sales and distribution costs	Administration costs	Other operating income/ costs	**Total 2022/23**	**Total 2021/22**
Completed development projects	6	1,149	0	0	**1,155**	486
Customer relations	0	7,141	0	0	**7,141**	10,091
Goodwill	0	7,248	0	0	**7,248**	7,444
IT development and software	203	154	2,615	0	**2,972**	1,746
Buildings	17,364	4,628	514	0	**22,506**	22,706
Plant and machinery	105,027	1,309	509	592	**107,437**	108,937
Other plant, operating equipment, tools and equipment	4,335	2,033	2,393	103	**8,864**	9,472
	126,935	**23,662**	**6,031**	**695**	**157,323**	**160,882**

4. Other operating income

DKK '000	**2022/23**	**2021/22**
Gain on the sale of non-current assets	14,153	4,485
Profit on rental activity	2,679	719
Insurance claim compensations and refunds	243	470
Grants	18,411	10,135
Covid-19 grants	4	317
Other operating income	1,480	2,414
	36,970	**18,540**

5. Other operating expenses

DKK '000	**2022/23**	**2021/22**
Loss on sale of non-current assets	685	2,097
Other operating expenses	291	1,412
	976	**3,509**

6. Financial income

DKK '000	**2022/23**	**2021/22**
Foreign exchange gains	949	1,725
Capital gains and dividends	2,544	5,190
Interest income from banks	1,168	22
Other financial income	1,189	5,048
	5,850	**11,985**

7. Financial expenses

DKK '000	2022/23	2021/22
Interest expenses from long-term loans	4,079	4,341
Interest expenses from short-term debt	2,547	4,589
Foreign exchange loss	5,296	1,385
Capital losses	1,636	0
Other financial expenses	-195	574
	13,363	**10,889**

8. Tax on profit for the year

DKK '000	2022/23	2021/22
Tax on profit or loss for the year can be calculated as follows:		
Current tax on profit for the year	49,751	37,761
Deferred tax on profit for the year	3,045	8,043
Change in tax rates compared to last year	93	35
Adjustment of tax for previous years	60	-54
Tax on profit for the year	**52,949**	**45,785**
Current tax on entries on shareholders' equity	36	-9
Total tax for the year	**52,985**	**45,776**
Reconciliation of tax for the year		
Calculated 22% tax on the profit before tax	42,097	37,689
Adjustment of calculated tax in foreign group enterprises in relation to 22%	6,377	4,535
Change in tax rates compared to last year	-93	-35
Tax effect of:		
Non-deductible expenses and non-taxable income	-345	524
Adjustment of tax for previous years	66	-54
Value adjustment of capitalised tax asset	8,991	9,788
Profit from associated companies and other equity investments	-4,144	-6,662
	52,949	**45,785**
Effective tax rate for the year	**27,8%**	**26,7%**

The calculated current tax for the year is distributed as follows.

DKK '000	2022/23	2021/22
Denmark	167	27
Germany	36,225	30,096
Sweden	13,311	7,586
Norway	43	52
USA	5	0
	49,751	**37,761**

9. Intangible assets

DKK '000	Completed development projects	Customer relations	Goodwill	IT development and Software	Intangible assets in progress	**Total**
Cost at 1 November	1,457	70,866	79,075	27,749	33,313	**212,460**
Transfer	2,392	0	0	7,812	-10,204	**0**
Currency translation adjustment	-8	-3,089	-2,274	-142	0	**-5,513**
Additions during the year	5,012	0	0	221	29,250	**34,483**
Disposals during the year	0	-4,392	0	-78	0	**-4,470**
Cost at 31 October	**8,853**	**63,385**	**76,801**	**35,562**	**52,359**	**236,960**
Amortisation and write-downs at 1 November	1,254	57,271	34,131	14,933	0	**107,589**
Currency translation adjustment	0	-3,042	-1,482	-126	0	**-4,650**
Amortisation during the year	1,155	7,141	7,248	2,972	0	**18,516**
Amortisation on disposals	0	-4,392	0	-78	0	**-4,470**
Amortisation and write-downs at 31 October	**2,409**	**56,978**	**39,897**	**17,701**	**0**	**116,985**
Carrying amount at 31 October	**6,444**	**6,407**	**36,904**	**17,861**	**52,359**	**119,975**
To be amortised over a period of	3 years	5 years	10 years	3-10 years	-	

Completed development projects comprise a software solution that allows our customers to streamline their marking workflow. The feedback from customers already using the software is positive and it is expected that more customers will implement the solution in the future, as a new add on to our services in Schur Marking.

Intangible assets in progress and IT development include the development of a new ERP solution D365 FO core and Microsoft CE (CRM) for all manufacturing sites.

The development and support of the current ERP solution will cease which makes a replacement necessary. The implementation of the D365 FO and Microsoft CE solution is, furthermore, expected to result in further operational efficiency gains and cross selling opportunities. The core solution is expected to be fully developed in 2024.

10. Property, plant and equipment

DKK '000	Land and buildings	Plant and machinery	Other plant, operating equipment, tools and equipment	Tangible assets under construction	**Total**
Cost at 1 November	718,907	1,411,892	92,785	65,603	**2,289,187**
Transfer	11,155	29,480	75	-40,710	**0**
Currency translation adjustment	-5,726	-25,177	-1,826	-1,139	**-33,868**
Additions during the year	30,537	50,604	9,324	52,343	**142,808**
Disposals during the year	0	-39,830	-3,890	0	**-43,720**
Cost at 31 October	**754,873**	**1,426,969**	**96,468**	**76,097**	**2,354,407**
Depreciation and write-downs at 1 November	246,726	917,370	60,229	0	**1,224,325**
Currency translation adjustment	-1,031	-18,029	-1,030	0	**-20,090**
Depreciation during the year	22,506	107,437	8,864	0	**138,807**
Depreciation on disposals	0	-32,196	-2,808	0	**-35,004**
Depreciation and write-downs at 31 October	**268,201**	**974,582**	**65,255**	**0**	**1,308,038**
Carrying amount at 31 October	**486,672**	**452,387**	**31,213**	**76,097**	**1,046,369**
To be depreciated over a period of	5-50 years	5-12 years	3-10 years	-	-

11. Associated companies

DKK '000	Investments in associated companies
Cost at 1 November	140,778
Additions during the year	10,796
Cost at 31 October	**151,574**
Value adjustments at 1 November	73,627
Profit for the year	16,554
Dividend received	-5,821
Equity adjustments	14,955
Value adjustments at 31 October	**99,315**
Carrying amount at 31 October	**250,889**

Equity investments in associated companies are specified as follows:

Name	Domicile	Currency	Share capital	Ownership	Market value (share price 200,0)
SP Group A/S	Søndersø, Denmark	DKK	24,980	15,85%	396,005

The profit for the year is based on the latest interim financial statements received.

12. Other investments

DKK '000	Other securities and equity investments	Other receivables	**Total**
Cost at 1 November	285	6,941	**7,226**
Currency translation adjustments	-2	-37	**-39**
Additions during the year	10,000	8,854	**18,854**
Short-term share of long-term receivables	0	-4,188	**-4,188**
Disposals during the year	0	-6,026	**-6,026**
Cost at 31 October	**10,283**	**5,544**	**15,827**
Value adjustments at 1 November	-266	-1,466	**-1,732**
Currency translation adjustments	2	-2	**0**
Adjustments for the year	0	1,468	**1,468**
Value adjustments at 31 October	**-264**	**0**	**-264**
Carrying amount at 31 October	**10,019**	**5,544**	**15,563**

The carrying amount of other receivables as at 31 October 2023 consists of DKK 518 thousand relating to amounts owed in connection with sale of activities, DKK 562 thousand relating to deposits, and DKK 4,464 thousand relating to lease agreements.

13. Contract work in progress

DKK '000	**2022/23**	**2021/22**
Selling price of work carried out	68,619	64,870
Invoicing on account	-67,129	-50,358
	1,490	**14,512**
Classified in the balance sheet as follows:		
Net receivables	10,645	22,671
Net liabilities	-9,155	-8,159
	1,490	**14,512**

14. Deferred tax

DKK '000	2022/23	2021/22
Deferred tax at 1 November	-26,054	-18,857
Currency translation adjustments	-139	881
Deferred tax for the year recognised in the profit for the year	-3,045	-8,043
Adjustment of tax rates compared to previous years	-93	-35
	-29,331	**-26,054**
Deferred tax is recognised in the balance sheet as follows:		
Deferred tax, assets	4,581	8,430
Deferred tax, liabilities	-33,912	-34,484
	-29,331	**-26,054**
Deferred tax relates to:		
Intangible assets	646	2,711
Property, plant and equipment	-60,096	-62,173
Current assets	156	-2,294
Provisions	492	812
Other liabilities	23,072	24,247
Tax loss allowed for carryforward	64,196	63,513
Write-down	-57,797	-52,870
	-29,331	**-26,054**

The tax asset of DKK 4,581 thousand relates to internal eliminations on inventory and machines.

15. Prepayments and accrued expenses

DKK '000	2022/23	2021/22
IT licenses	4,782	5,198
Prepaid tax	11,682	4,400
Property cost	895	1,459
Service agreements	1,275	580
Other prepayments and accrued expenses	5,313	1,625
	23,947	**13,262**

16. Share capital

DKK '000	2022/23	2021/22
15,750 A shares at DKK 1 thousand	15,750	15,750
7,875 B shares at DKK 1 thousand	7,875	7,875
5,250 C shares at DKK 1 thousand	5,250	5,250
2,625 D shares at DKK 1 thousand	2,625	2,625
	31,500	**31,500**

17. Other provisions

DKK '000	2022/23	2021/22
Pensions	4,428	5,360
Warranties	2,722	2,739
Tenancy commitments	0	371
Provision for restoration of tenancies	456	1,555
Other provisions	1,690	1,637
	9,296	**11,662**

Other provisions include a pension liability regarding a Swedish scheme, 'direct pension'. The net liability amounts to DKK 0 as the pension debt of DKK 18,924 million is offset by corresponding plan assets. The scheme entails no risk for the Group and is therefore recognised at net value in the balance sheet.

18. Deferred income

Deferred income primarily comprises DKK 56,811 thousand (DKK 65,451 thousand) regarding a grant for the factory in Gallin which is booked as other income over the period of the depreciation of property and production machinery. The grant is included in non-current liabilities at an amount of DKK 56,811 thousand (DKK 56,860 thousand) and in short-term liabilities at an amount of DKK 6,961 thousand (DKK 8,591 thousand).

19. Non-current liabilities

DKK '000	2022/23	2021/22
Total liabilities	253,819	280,518
Current portion of non-current liabilities	-11,553	-4,956
Deferred income, short-term	-9,938	-11,725
Total non-current liabilities	**232,328**	**263,837**
Falling due after more than five years:		
Credit institutions and bank loans	109,671	131,752
Deferred income	15,060	22,227
	124,731	**153,979**

20. Fee for auditor appointed by the general meeting

DKK '000	2022/23	2021/22
EY		
Fee for statutory audit services	1,644	1,509
Fee for services in relation to tax and VAT	917	342
Other non-audit fees	306	660
	2,867	**2,511**
Other auditors		
Fee for statutory audit services	105	79
Fee for services in relation to tax and VAT	39	25
	144	**104**

21. Contractual obligations, contingent liabilities, etc.

DKK '000	2022/23	2021/22
Operating lease	9,900	8,977
Lease commitments	27,410	19,333
Payment guarantees for customers	0	4,825

Not recognised deferred tax assets amount to DKK 57.8 million cf. note 14.

22. Pledged assets and guarantees

DKK '000	2022/23	2021/22
The following assets have been provided as security for mortgage credit institution:		
Placed as security for mortgage deeds, in total	*104,515*	*104,515*
Book value of Danish properties	165,161	150,610
Mortgage debt in Danish properties at 31 October	81,849	87,187
The following assets have been provided as security for the Group's banks:		
Placed as security for mortgage deeds, total	*149,142*	*148,730*
Book value of foreign properties	185,558	193,636
Payables to banking connections at 31 October	110,738	123,818

According to German practice, suppliers making deliveries to German companies may retain the title to the goods in question until payment takes place.

23. Financial instruments

As part of the hedging of already recognised transactions and future cash-flows, the Schur International Holding Group uses hedging instruments such as forward exchange contracts and interest rate and currency swaps.
The hedging of recognised transactions primarily comprises receivables and liabilities.
The Group uses forward exchange contracts for the hedging of selected sales agreements.

The fair value is based on observable market data and is part of level 2 in the fair value hierarchy.

The derivatives are not traded on an active market based on quoted prices but are individual contracts. The fair value of these assets/liabilities is determined using valuation techniques that apply market data such as exchange rates, credit risk and volatilities.

	Remaining period	Contract value/ Calculated principal		Value adjustment recognized in equity before tax		Fair value	
DKK '000		**2022/23**	**2021/22**	**2022/23**	**2021/22**	**2022/23**	**2021/22**
Forward exchange transactions							
GBP	1 month	0	0	0	117	0	0
USD	5-6 months	0	1,912	144	-144	0	-144
SEK	1-2 months	0	848	15	-15	0	-15
		0	**2,760**	**159**	**-42**	**0**	**-159**

Fair value disclosure

The Group has the following assets and liabilities that are measured at fair value:

DKK '000	Financial instruments	Securities
Fair value at 31 October	0	58,048
Unrealized value adjustments, recognized in profit and loss	0	-1,411
Unrealized value adjustments, recognized in equity	159	0
Fair value level	2	1

24. Related parties

Related parties of the Group include the members of the Companies' management and the Company's shareholders.

Controlling interest

No related parties hold a controlling interest.

Transactions with related parties:

DKK '000	2022/23	2021/22
Interest paid to shareholders	1,105	172
Grant from shareholders	7,617	1,213
Amounts owed to shareholders 31 October	27,384	22,951

25. Cash flow - adjustments

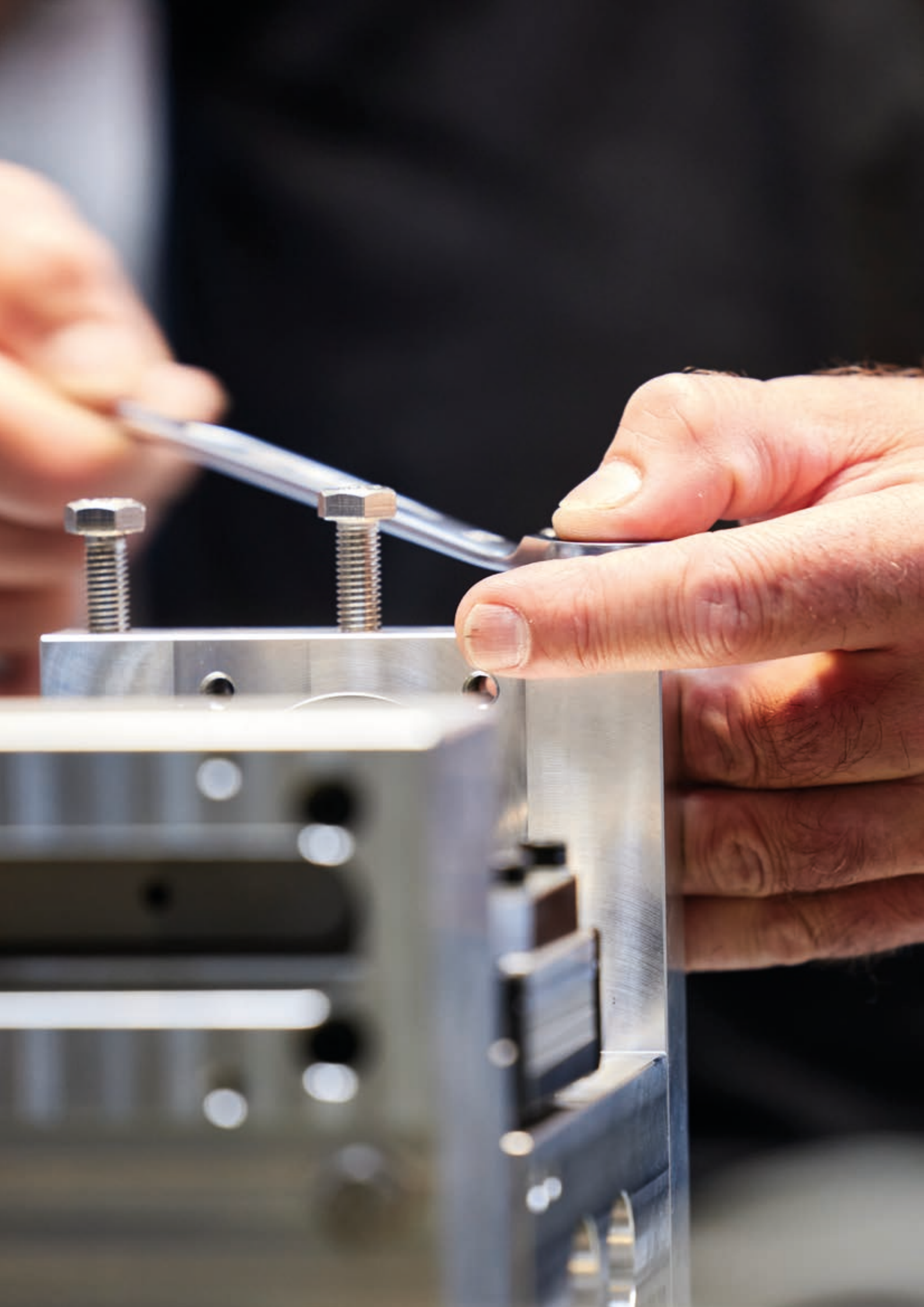
DKK '000	2022/23	2021/22
Result of and profit from share issue in associated companies	-16,554	-25,090
Depreciation and impairment - property, plant and equipment	138,807	147,421
Amortisation and impairment - intangible assets	18,516	22,727
Profit from the sale of property, plant and equipment and companies	-13,406	-2,200
Realised capital gains/losses and yields	-1,238	-5,190
Other adjustments without cash flow	-18,559	-19,848
	107,566	**117,820**

26. Change in working capital

DKK '000	2022/23	2021/22
Change in inventory	123,706	-134,931
Change in contract work in progress	13,021	-11,463
Change in receivables	39,901	-38,219
Change in debt to trade payables	-35,551	25,321
Change in other short-term debt	6,495	-25,588
	147,572	**-184,880**

27. Cash and cash equivalents and short-term bank loans at year-end

DKK '000.	2022/23	2021/22
Cash and cash equivalents	95,131	73,189
Bank loans	-43,389	-153,021
	51,742	**-79,832**



03 Parent company financial statements

Income statement

DKK '000	Note	2022/23	2021/22
Administrative expenses	1+2	-93,963	-85,220
Profit or loss on primary activities		**-93,963**	**-85,220**
Other operating income	3	84,205	72,687
Other operating expenses	4	0	-714
Profit before net financials		**-9,758**	**-13,247**
Income from equity investments in group enterprises	10	137,876	129,656
Financial income	5	16,420	8,345
Financial expenses	6	-6,559	-1,893
Profit or loss before tax		**137,979**	**122,861**
Tax on profit for the year	7	420	2,670
Profit for the year		**138,399**	**125,531**

Balance sheet

Assets

DKK '000	Note	2022/23	2021/22
IT development and software		16,999	11,651
Intangible assets in progress		50,497	30,654
Intangible assets	**8**	**67,496**	**42,305**
Other plant, operating equipment and tools and equipment		1,523	1,196
Tangible assets under construction		500	0
Property, plant and equipment	**9**	**2,023**	**1,196**
Equity investments in group enterprises	10	1,416,882	1,398,838
Amounts owed by group enterprises	10	32,551	14,661
Other securities and equity investments	11	19	19
Other receivables	11	518	0
Investments		**1,449,970**	**1,413,518**
Total non-current assets		**1,519,489**	**1,457,019**
Trade receivables		30	6
Amounts owed by group enterprises	12	254,956	229,260
Other receivables		1,574	1,550
Deferred tax assets	13	797	1,164
Corporation tax receivables		865	3,069
Prepayments and accrued expenses	14	4,497	3,584
Receivables		**262,719**	**238,633**
Cash and cash equivalents		**71,020**	**12,171**
Total current assets		**333,739**	**250,804**
Total assets		**1,853,228**	**1,707,823**

Liabilities

DKK '000	Note	2022/23	2021/22
Share capital	15	31,500	31,500
Reserve under the equity method		138,715	148,671
Reserves for development costs		52,647	32,996
Retained earnings		1,375,864	1,274,677
Proposed dividend for the year		20,000	20,000
Equity		**1,618,726**	**1,507,844**
Other provisions		453	937
Total provisions		**453**	**937**
Debt to group enterprises		0	1,374
Non-current liabilities	**16**	**0**	**1,374**
Bank loans		42,464	144,152
Trade payables		6,152	6,671
Debt to group enterprises	12	157,704	23,197
Other debt		27,729	23,648
Current liabilities		**234,049**	**197,668**
Total liabilities		**234,049**	**199,042**
Total equity and liabilities		**1,853,228**	**1,707,823**
Fee for statutory audit services	17		
Contractual obligations, contingent liabilities, etc.	18		
Related parties	19		
Distribution of the profit for the year	20		

Statement of changes in equity

DKK'000	Share capital	Reserve under the equity method	Reserves for develop-ment costs	Retained earnings	Proposed Dividend	**Total equity**
Equity at 1 November 2022	31,500	148,671	32,996	1,274,677	20,000	**1,507,844**
Ordinary dividends paid	0	0	0	0	-20,000	**-20,000**
Profit for the year	0	-2,439	19,651	101,187	20,000	**138,399**
Currency translation adjustments	0	-22,639	0	0	0	**-22,639**
Equity adjustments in group enterprises	0	14,955	0	0	0	**14,955**
Adjustment of hedging instruments, net	0	203	0	0	0	**203**
Tax on changes in equity	0	-36	0	0	0	**-36**
Equity at 31 October 2023	**31,500**	**138,715**	**52,647**	**1,375,864**	**20,000**	**1,618,726**

Notes

1. Staff costs

DKK '000	2022/23	2021/22
Salaries and wages	2,100	1,806
Other staff costs	1,429	1,091
	3,529	**2,897**
Salaries and fees paid to the Management Board	5,323	5,160
Salaries and fees paid to the Board of Directors	2,100	1,800
Staff costs are included in administrative expenses	3,529	2,897

Salaries and fees to the Management Board are paid through Schur International a/s in 2022/23.

2. Depreciation and amortisation of intangible assets and property, plant and equipment

DKK '000	2022/23	2021/22
IT development and software	2,684	1,155
Other plant, operating equipment, tools and equipment	923	1,522
	3,607	**2,677**

Depreciation and amortisation are included in administrative expenses

3. Other operating income

DKK '000	2022/23	2021/22
Group enterprises fees	83,277	72,019
Grants	30	0
Other operating income	898	668
	84,205	**72,687**

4. Other operating expenses

DKK '000	2022/23	2021/22
Other operating expenses	0	714
	0	**714**

5. Financial income

DKK '000	2022/23	2021/22
Interest income from group enterprises, cash pools	12,260	2,561
Interest income from group enterprises, other	1,267	134
Foreign exchange gains	28	91
Gain on shares	2,284	5,190
Other financial income	581	369
	16,420	**8,345**

6. Financial expenses

DKK '000	2022/23	2021/22
Interest expenses from group enterprises, cash pools	3,979	1,269
Interest expenses from group enterprises, other	0	41
Interest expenses from short-term debt	1,898	408
Foreign exchange loss	668	175
Other financial expenses	14	0
	6,559	**1,893**

7. Tax on profit for the year

DKK '000	2022/23	2021/22
Tax on profit or loss for the year can be calculated as follows:		
Current tax on profit for the year	869	2,733
Deferred tax on profit for the year	-367	-63
Regulation current tax previous years	-82	0
Tax on profit for the year	**420**	**2,670**

8. Intangible assets

DKK '000	IT develop-ment and software	Intangible assetsin progress	**Total**
Cost at 1 November	21,269	30,654	**51,923**
Transfer	7,812	-7,812	**0**
Additions during the year	220	27,655	**27,875**
Cost at 31 October	**29,301**	**50,497**	**79,798**
Amortisation and write-downs at 1 November	9,618	0	**9,618**
Amortisation during the year	2,684	0	**2,684**
Amortisation and write-downs at 31 October	**12,302**	**0**	**12,302**
Carrying amount at 31 October	**16,999**	**50,497**	**67,496**
To be armotised over a period of	3-10 years	-	

Intangible assets in progress and IT development include the development of a new ERP solution D365 FO core and Microsoft CE (CRM) for all manufacturing sites.
The development and support of the current ERP solution will cease which makes a replacement necessary. The implementation of the D365 FO and Microsoft CE solution is, furthermore, expected to result in further operational efficiency gains and cross selling opportunities. The core solution is expected to be fully developed in 2024.

9. Property, plant and equipment

DKK '000	Other plant, operating equipment, tools and equipment	Tangible assets under construction	**Total**
Cost at 1 November	11,686	0	**11,686**
Additions during the year	1,250	500	**1,750**
Cost at 31 October	**12,936**	**500**	**13,436**
Depreciation and write-downs at 1 November	10,490	0	**10,490**
Depreciation and write-downs during the year	923	0	**923**
Depreciation and write-downs 31 October	**11,413**	**0**	**11,413**
Carrying amount at 31 October	**1,523**	**500**	**2,023**
To be armotised over a period of	3-10 years	-	

10. Group enterprises

DKK '000	Equity investments in group enterprises	Amounts owed by group enterprises	**Total**
Cost at 1 November	1,250,167	15,086	**1,265,253**
Additions during the year	28,000	21,950	**49,950**
Disposals during the year	0	-2,714	**-2,714**
Cost at 31 October	**1,278,167**	**34,322**	**1,312,489**
Value adjustments at 1 November	148,671	-425	**148,246**
Exchange rate adjustments	-22,639	-1,346	**-23,941**
Value adjustment of hedging instruments, net	167	0	**123**
Other equity adjustments	14,955	0	**14,955**
Dividends received	-140,315	0	**-140,315**
Profit for the year	137,876	0	**137,876**
Value adjustments at 31 October	**138,715**	**-1,771**	**136,944**
Carrying amount at 31 October	**1,416,882**	**32,551**	**1,449,433**

Equity investments in group enterprises are specified as follows:

Name:	Domicile:	Currency	Share capital	Ownership
Schur Finance a/s	Horsens, Denmark	DKK	3,000,000	100%
Schur Pack Denmark a/s	Horsens, Denmark	DKK	5,100,000	100%
Schur Pack Sweden AB	Kumla, Sweden	SEK	7,000,000	100%
Schur Pack Norway as	Årnes, Norway	NOK	100,000	100%
Schur Pack Germany GmbH	Gallin, Germany	EUR	1,500,000	100%
Schur Star Systems GmbH	Flensburg, Germany	EUR	2,350,000	100%
Schur Star Systems Inc.	Carlsbad, USA	USD	10	100%
Schur Star Systems Australia Pty. Ltd.	Thomastown, Australia	AUD	35,001	100%
Schur Technology a/s	Horsens, Denmark	DKK	1,100,000	100%
Schur Conference Center a/s	Glud, Denmark	DKK	1,100,000	100%
Schur International a/s	Horsens, Denmark	DKK	561,200	100%
Schur Labels a/s	Horsens, Denmark	DKK	11,000,000	100%
Sarepta a/s	Horsens, Denmark	DKK	1,200,000	100%

All group enterprises are independent units.

11. Other Investments

DKK '000	Other securities and equity investments	Other receivables	**Total**
Cost at 1 November	269	1,466	**1,735**
Currency translation adjustments	0	2	**2**
Disposals during the year	0	-950	**-950**
Cost at 31 October	**269**	**518**	**787**
Value adjustments at 1 November	-250	-1,466	**-1,716**
Currency translation adjustments	0	-2	**-2**
Adjustment for the year	0	1,468	**1,468**
Value adjustments at 31 October	**-250**	**0**	**-250**
Carrying amount at 31 October	**19**	**518**	**537**

12. Amounts owed by and debt to group enterprises

The company has entered a cash pool arrangement with financial institutions where Schur International Holding a/s is the account holder and subsidiaries are the sub-account holders. The terms of the cash pool arrangement grant the financial institutions the right net off positive and negative balances, whereby only the net balance of the total cash pool constitutes the balance with the financial institutions.

As of 31 October 2023 Schur International Holding a/s has a group receivable of DKK 243,256 thousand and group debt of DKK 152,412 thousand from the cash pool (as of 31 October 2022: receivable of DKK 216,095 thousand and debt of DKK 18,604 thousand.)

13. Deferred tax

DKK '000	**2022/23**	**2021/22**
Deferred tax at 1 November	1,164	1.227
Adjustment of deferred tax for the year	-367	-63
Deferred tax at 31 October	**797**	**1,164**

As of 31 October 2023, the company has recognized a tax asset totaling DKK 797 thousand, which relates to the tax value of unutilized tax deductions due to timing differences.

14. Prepayments and accrued expenses

DKK '000	2022/23	2021/22
IT licenses	3,546	3,515
Insurances	862	0
Other prepayments and accrued expenses	89	69
	4,497	**3,584**

15. Share capital

DKK'000	2022/23	2021/22
15,750 A shares at DKK 1 thousand	15,750	15,750
7,875 B shares at DKK 1 thousand	7,875	7,875
5,250 C shares at DKK 1 thousand	5,250	5,250
2,625 D shares at DKK 1 thousand	2,625	2,625
	31,500	**31,500**

16. Non-current liabilities

DKK'000	2022/23	2021/22
Total liabilities	0	1,374
Current portion of non-current liabilities	0	0
Total non-current liabilities	0	**1,374**

Non-current liabilities fall due within 5 years.

17. Fee for auditor appointed by the general meeting

DKK '000	2022/23	2021/22
Fee for statutory audit services	426	369
Fee for services in relation to tax and VAT	34	139
Other non-audit fees	246	249
	706	**757**

18. Contractual obligations, contingent liabilities, etc.

DKK'000	2022/23	2021/22
Tenancy commitments in group enterprises	356	321
Guarantees for the group enterprises' utilisation of credit limits in the banks	191,717	239,777
Guarantee for payment guarantees provided by group enterprises	0	9,927

The company is jointly taxed with other Danish consolidated companies. Being the Management Company, the Company has unlimited, joint and several liabilities together with the other consolidated companies for Danish corporation tax and withholding tax on dividends, interest and royalties within the group of jointly taxed companies.

19. Related parties

Related parties of the Company include the members of the management in associated companies, Schur International Holding a/s' shareholders and members of the management.

Controlling interest

No related parties hold a controlling interest in the Company.

Transactions with related parties.

DKK '000	2022/23	2021/22
Sale of goods and services to consolidated companies	88,393	76,326
Purchase of goods and services from consolidated companies	-45,431	-44,631
Interest income from consolidated companies, cash pools	12,260	2,561
Interest income from consolidated companies, others	1,267	490
Interest paid to consilidated companies, cash pools	-3,979	-1,269
Interest paid to consilidated companies, others	0	-41
Interest paid to shareholders	-1,105	-172
Amounts owed by group enterprises at 31 October	287,507	243,921
Debt to group enterprises at 31 October	-157,704	-24,571
Amounts owed to shareholders at 31 October	-27,384	-22,951

20. Distribution of the profit for the year

DKK '000	2022/23	2021/22
Proposed distribution of the profit for the year		
Proposed dividend for the year	20,000	20,000
Reserves for development costs	19,651	13,639
Reserve under the equity method	-2,439	77,380
Retained earnings	101,187	14,512
Distributed, total	**138,399**	**125,531**

04 Accounting policies

The Annual Report of Schur International Holding a/s for 2022-23 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C enterprises.

No changes have been made in the accounting policy compared to last year.

Foreign currency translation

Foreign currency transactions are translated upon initial recognition at the exchange rate prevailing at the date of the transaction. Exchange differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised in the income statement as an item under financial income and expenses.

Accounts receivable, debts and other monetary items denominated in foreign currencies which have not been translated at the balance sheet date, are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and at 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.

Foreign subsidiaries and associated companies are all considered independent businesses in relation to the accounting treatment of foreign currencies. The income statement is translated using the average exchange rates. The balance sheet is translated using approximate average exchange rates.

Foreign exchange gains and losses in connection with the translation of the subsidiaries' equity at the exchange rate prevailing at the balance sheet date and in connection with the translation of the income statement using average exchange rates are taken directly to equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised in other debtors or other debt under short-term or long-term share, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or recognised liability, are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised in other debtors or other debt under short-term or long-term share, respectively, and in the equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised directly in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

For derivative financial instruments that do not qualify for hedge accounting, changes in the fair value are currently recognised in the income statement.

Consolidation

The consolidated financial statements include the Parent Company Schur International Holding a/s and all companies in which the Parent Company holds more than 50% of the voting rights or otherwise exercises control, see the above chart of the consolidated companies. Enterprises over which the Group exercises significant influence, are classified as associated enterprises, see the Group chart.

The financial statements of the subsidiaries are recognised according to the same accounting policies used in the Parent Company. The consolidated financial statements are prepared on the basis of the financial statements of the individual companies by aggregating items of a similar nature and by subsequently eliminating inter-company revenue, profit, interest, dividends, balances and shareholdings.

Schur Pack Germany GmbH, Gallin, Germany and Schur Star Systems GmbH, Flensburg, Germany are fully consolidated subsidiaries availing themselves of the exemption provisions of section 264 (3) HGB (The German Commercial Code).

Business combinations

Enterprises acquired or formed during the year are recognised in the consolidated financial statements from the date of acquisition. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. The comparative figures are not restated for acquisitions and disposals.

Gains or losses on disposal of subsidiaries and associated companies are recognised as the difference between the selling amount and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the acquisition method, according to which the identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. In connection with the acquisition, provision is made for costs related to adopted and announced plans to restructure the acquired enterprise. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset.

In the event of intra-group business combinations, the pooling-of-interests method will be used.

Minority interests

Minority interests constitute part of the Group's total equity. In the distribution of the profit for the year, the net profit for the year is allocated to the share attributable to the minorities and to the share attributable to the parent company's shareholders. Minority interests are recognised at the carrying amount of the acquired assets and liabilities at the date of the acquisition of subsidiaries.

Income statement

Revenue

Revenue is measured and recognised using IAS 11 and IAS 18 as the basis.

The revenue from the sale of goods and services is recognised in the income statement when delivery and the transfer of the risk to the customer have taken place and if the income can be reliably measured. The revenue is recognised exclusive of VAT less discounts in connection with the sale.

Furthermore, contract work in progress is recognised according to the stage of completion with the revenue corresponding to the selling price of work carried out (percentage of completion method). The revenue from work in progress is recognised when the total income and expenses of the orders and the stage of completion at the balance sheet date can be reliably calculated and when it is likely that the economic benefits including payments will flow to the company.

Production costs

Production costs include costs of depreciation/amortisation and salaries, which are paid to obtain the revenue for the year. This includes direct and indirect costs for raw materials and consumables, wages and salaries, hire and leasing and depreciation of plant.

Production costs also include research and development costs, which do not meet the criteria for capitalisation and amortisation/depreciation on capitalised development costs.

In addition, provision for losses on construction contracts is recognised.

Sales and distribution costs

Sales and distribution costs include costs paid for the distribution of goods sold during the year, and for sales campaigns carried out during the year, etc. Costs relating to sales staff, advertising, exhibitions and depreciation/amortisation are also recognised as distribution costs.

Administrative expenses

Administrative expenses include expenses, which are paid during the year, for the management and administration of the Company, including expenses for the administrative personnel, the management, office premises and office expenses and amortisation/depreciation.

Other operating income and costs

Other operating income and expenses include items of a secondary nature relative to the companies' principal activities, including gains and losses on disposal of non-current assets, subsidiaries and associated companies. Profit and loss related to secondary activities are presented net.

Furthermore, government grants are recognised concurrently with depreciation of the subsidised assets.

Net financials

Financial income and expenses include interest, capital gains and losses on debt and foreign currency transactions, amortisation of investments and liabilities and surcharges and allowances under the tax prepayment scheme, etc.

Dividends from other securities and investments are booked as an income in the accounting year in which the dividend is declared.

Shares of profit/loss in subsidiaries and associated companies

In the Parent Company's income statement, the subsidiaries' post-tax profit or loss is recognised less amortisation of goodwill and after full elimination of internal profits and losses.

The proportionate share of the associated companies' post-tax profit or loss less depreciation/amortisation on goodwill and after elimination of the proportionate share of internal profits and losses are recognised both in the Parent Company's and the Group's income statements.

Tax on profit for the year

Tax for the year, including current tax for the year and changes in deferred tax, is recognised in the income statement with the share that can be attributed to the profit for the year. The share that can be attributed to changes in equity is recognised directly in the equity.

The Parent Company is subject to the Danish rules regarding compulsory joint taxation of the Group's subsidiaries.

Subsidiaries are included in the joint taxation with effect from the date on which they are included in the consolidated financial statements and until the date at which they are excluded from the consolidation.

The Parent Company is the Management Company as far as the joint taxation is concerned and consequently settles all payments of corporation tax with the tax authorities.

Balance sheet

Goodwill

Goodwill is amortised on a straight-line basis over the estimated economic life which is determined based on an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff. The amortisation period covers 10 years.

	Useful life
Goodwill	10 years

Development projects, customer relations, it development and software

Costs for development projects are recognised as intangible assets if they qualify for recognition. Other development costs are recognised as expenses in the income statement when incurred.

Development projects are measured at direct costs and a portion of the costs that can be related indirectly to the individual development projects.

Customer relations, IT development and software are measured at cost less accumulated amortisation and impairment losses.

Amortisation is made on a straight-line basis over the expected useful lives:

	Useful life
Completed development projects	3 years
Customer relations	5 years
IT development and software	3-10 years

Amortisation is recognised in the income statement as production, distribution and administrative expenses.

Gains and losses on disposal of development projects, software and customer relations are calculated as the dif-

ference between the selling price after deducting the costs of disposals and the carrying amount at the time of the sale. Gains and losses are recognised in the income statement under other operating income and expenses, respectively.

Property, plant and equipment

Property, plant and equipment include land and buildings, plant and machinery as well as other plant, operating equipment and tools and property, plant and equipment under construction. Property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not subject to depreciation.

The cost includes the purchase price and costs directly related to the purchase until the time when the asset is ready for use. The cost of self-constructed non-current assets includes payroll costs and cost of materials, etc. directly used in the construction process as well as a share of the costs which are indirectly attributable.

The cost of buildings is broken down and individually depreciated if the useful lives differ. Other assets are not broken down as the individual components are not estimated to have markedly different useful lives.

Depreciation is made on a straight-line basis over the expected useful lives:

	Useful life
Buildings	25-50 years
Installations and other building components	5-20 years
Plant and machinery	5-12 years
Other plant, operating equipment, tools and equipment	3-10 years

The basis of depreciation is calculated as the cost less any residual value of the asset after the expiry of its useful life. The residual value of the Company's property, plant and equipment is reassessed annually.

Depreciation is recognised in the income statement as production, distribution, and administrative expenses and as other operating income and expenses as far as secondary activities are concerned.

Lease contracts

Lease contracts are recognised and measured using IAS 17 as the basis.

Upon initial recognition in the balance sheet, lease contracts regarding non-current assets where the Company bears all significant risks and rewards of ownership (financial leasing) are measured at the lower of the fair value and the present value of the future lease payments. In calculating the present value, the interest rate implicit in the lease agreement or the alternative borrowing rate is used as discount factor. Assets held under finance lease are then treated like the Company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability and the lease payment's share of interest is recognised in the income statement during the term of the contract.

All other lease contracts are operating leases. Payments in connection with operating leases and other rental agreements are recognised in the income statement during the term of the contract. The Group's total commitment regarding operating leases and rental agreements must be disclosed as contingent liabilities, etc.

Investments in subsidiaries and associated companies

Upon initial recognition, equity in subsidiaries and associated companies are recognised at cost and subsequently at the proportionate share of the companies' equity value calculated in accordance with the Parent Company's accounting policies with the addition of or less unrealised intra-group gains and losses and with the addition of goodwill.

Equity investments in subsidiaries and associated companies with a negative equity value are measured at zero, and any amounts owed to these companies are to be written down to the extent these are considered uncollectible. To the extent that the Parent Company has a legal or constructive obligation to cover a deficit exceeding the outstanding amount, the remainder is recognised under "Provisions".

Net revaluations of equities in subsidiaries and associated companies are disclosed as reserve for net revaluation according to the equity method in the equity to the extent that the carrying value exceeds the cost. Dividends from subsidiaries expected to be adopted prior to the approval of the Annual Report for Schur International Holding a/s, are not tied up in the revaluation reserve.

Other investments

Other investments comprise securities, equity investments, debtors relating to finance lease agreements and other long-term receivables.

Other securities and equity investments comprising listed shares and bonds are measured at fair value corresponding to the market value at the balance sheet date. Unlisted securities are measured at cost if a fair value cannot be reliably estimated.

Amounts outstanding from finance lease agreements are measured at the present value of the remaining minimum lease payments with an addition of any unguaranteed residual value. Write-downs are based on an individual assessment of the individual receivables.

Other receivables under non-current assets are recognised at amortised cost.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment, equity investments in subsidiaries and associated companies and other fixed asset investments are assessed annually to determine whether there is any indication of impairment.

If there is any indication of impairment, an impairment test is carried out for each individual asset or group of assets, respectively. The assets are written down to the recoverable amount, if this is lower than the carrying amount.

For the recoverable amount, the higher of the net selling price and the value in use has been used. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or group of assets and expected net cash flows from the sale of the asset or group of assets at the end of the useful life.

Inventory

Inventory are measured at cost based on the FIFO method or at net realisable value if this is lower.

Raw materials, consumables and goods for resale are measured at cost.

Work in progress and finished goods are measured at manufacturing cost, which includes the cost of materials and direct payroll costs with the addition of indirect production costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. The receivables are written down for anticipated uncollectible debt according to an individual assessment of receivables.

Contract work in progress

Contract work in progress in the machinery division is measured at the selling price of work carried out. The selling price is calculated on the basis of the stage of completion at the balance sheet date and the total expected income from the contract in question.

The stage of completion is calculated on the basis of the costs incurred in relation to the expected total costs.

Deductions in connection with losses are calculated as the total expected loss on the construction irrespective of the stage of completion.

The value of the ongoing contracts, less invoiced payments on account is classified as debtors if the amounts are positive and as debt, if the amounts are negative.

Prepayments

Prepayments recognised under ‘Assets’ comprise prepaid expenses regarding the subsequent accounting year.

Cash equivalents

Subsidiaries’ balances in the Group’s cash pool arrangement are, due to the terms of the arrangement, not considered as cash equivalents and are recognized in receivables and debt to group enterprises.

Equity

Reserve from the use of the equity method

Reserve from the use of the equity method comprises net revaluation of equity investments in subsidiaries and associated companies in relation to cost.

The reserve can be eliminated by loss, realisation of equity investments or dividends received.

The reserve cannot be recognised at a negative amount.

Reserves for development costs

Reserves for development costs comprise recognised development costs.

The reserves cannot be used for the payment of dividends or the cover of losses.

The reserves shall be reduced or dissolved if the recognised development costs are depreciated or abandoned. This is affected by a transfer directly to the equity’s distributable reserves.

Exchange adjustment reserve
Exchange adjustment reserve comprises the share of currency differences arising from the translation of accounts for entities with a functional currency other than Danish kroner, exchange rate adjustments relating to assets and liabilities that form part of the company's net investments in such entities and exchange rate adjustments for hedging transactions that hedge the company's net investments in such entities. The reserve is dissolved by the disposal of foreign entities or if the conditions for effective hedging are no longer present. When investments in subsidiaries and associated companies in the parent company's financial statements are subject to the reserve requirement in the net revaluation reserve under the equity method, exchange rate adjustments will instead be included in this equity reserve.

Hedging transactions reserve
The hedging transactions reserve contains the accumulated net change in the fair value of hedging transactions that meet the criteria for hedging future payment flows and where the hedged transaction has not yet been realized. The reserve is dissolved when the hedged transaction is realized if the hedged cash flows are no longer expected to be realized or the hedging relationship is no longer effective. The reserve does not represent a company law bond and can therefore constitute a negative amount.

Dividend
Proposed dividends are recognised as a liability at the date of adoption at the ordinary general meeting (time of declaration). Dividends proposed paid for the year are presented as a separate item under 'Shareholders' equity'.

Provisions
Provisions comprise expected expenses relating to guarantee commitments, losses on work in progress, defined pension schemes, restructurings, tenancy commitments, etc. Provisions are recognised when, at the balance sheet date, the Company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation. Pension schemes that include pension liabilities, as well as related scheme assets, are recognised in the balance sheet at the net value of the scheme.

Provisions expected to be settled after more than one year after the balance sheet date are measured at the present value of the expected payments. Other provisions are measured at net realisable value.

Corporation tax due and deferred tax
Current tax liabilities are recognised in the balance sheet as the assessed tax on the taxable profit for the year adjusted for tax on prior years' taxable profit and tax paid on account.
Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Corporation tax payable' or 'Corporation tax receivable'.

Deferred tax is calculated using the balance sheet liability method for all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences occurring at the date of acquisition of assets and liabilities neither affecting the results of operations nor the taxable profit.

Deferred tax assets, including the tax base of tax loss caryforwards, 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 and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities other than provisions
Liabilities other than provisions are recognised at the date of borrowing at the proceeds received less transaction costs. Interest-bearing debt is subsequently measured at amortised cost calculated based on the effective interest rate method at the date of borrowing. Other debt is subsequently measured at amortised cost corresponding to the nominal debt outstanding.

Fair value
Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximizes the price of the assets or liability.

All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

Level 1: Value based on the fair value or similar assets/ liabilities in an active market.

Level 2: Value based on generally accepted valuation methods on the basis of observable market information.
Level 3: Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.
If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial years, including any government grants received in settlement of investments.

Cash flow statement

The cash flow statement shows the Group's cash flows, the year's changes in cash and cash equivalents and the Group's cash at bank and in hand at the beginning and at the end of the financial year. The cash flow statement is presented on the basis of the Group's profit and shows cash flows from operating activities, investing activities and financing activities.

The cash flow effect of acquisitions and disposals of companies is presented separately under "Cash flows from investment activities". Cash flows regarding acquired companies are recognised in the cash flow statement from the date of acquisition and cash flows regarding companies disposed of are recognised until the date of disposal.

A cash flow statement for the Parent Company has not been prepared as the Parent Company's cash flows are contained in the Group's cash flow statement.

Cash flows from operating activities

Cash flows from operating activities are indirectly presented and calculated as the share of the profit/loss for the year adjusted for non-cash operating items, changes in working capital and paid corporation tax.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of companies and activities as well as acquisitions and disposals of non-current assets.

Cash flow from financing activities

Cash flows from financing activities comprise payment of dividends to shareholders, capital increases and reductions as well as borrowings and repayments of interest-bearing debt.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term bank loans.

Segment information

Information on geographical markets is provided. The segment information complies with the Group's accounting policies, risks and internal financial management.

Financial highlights

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Gross margin ratio

$$\frac{\text{Profit before net financials, depr., amor. and write-downs x 100}}{\text{Revenue}}$$

EBITDA margin

$$\frac{\text{Profit before tax x 100}}{\text{Revenue}}$$

EBT margin

$$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$$

Equity ratio

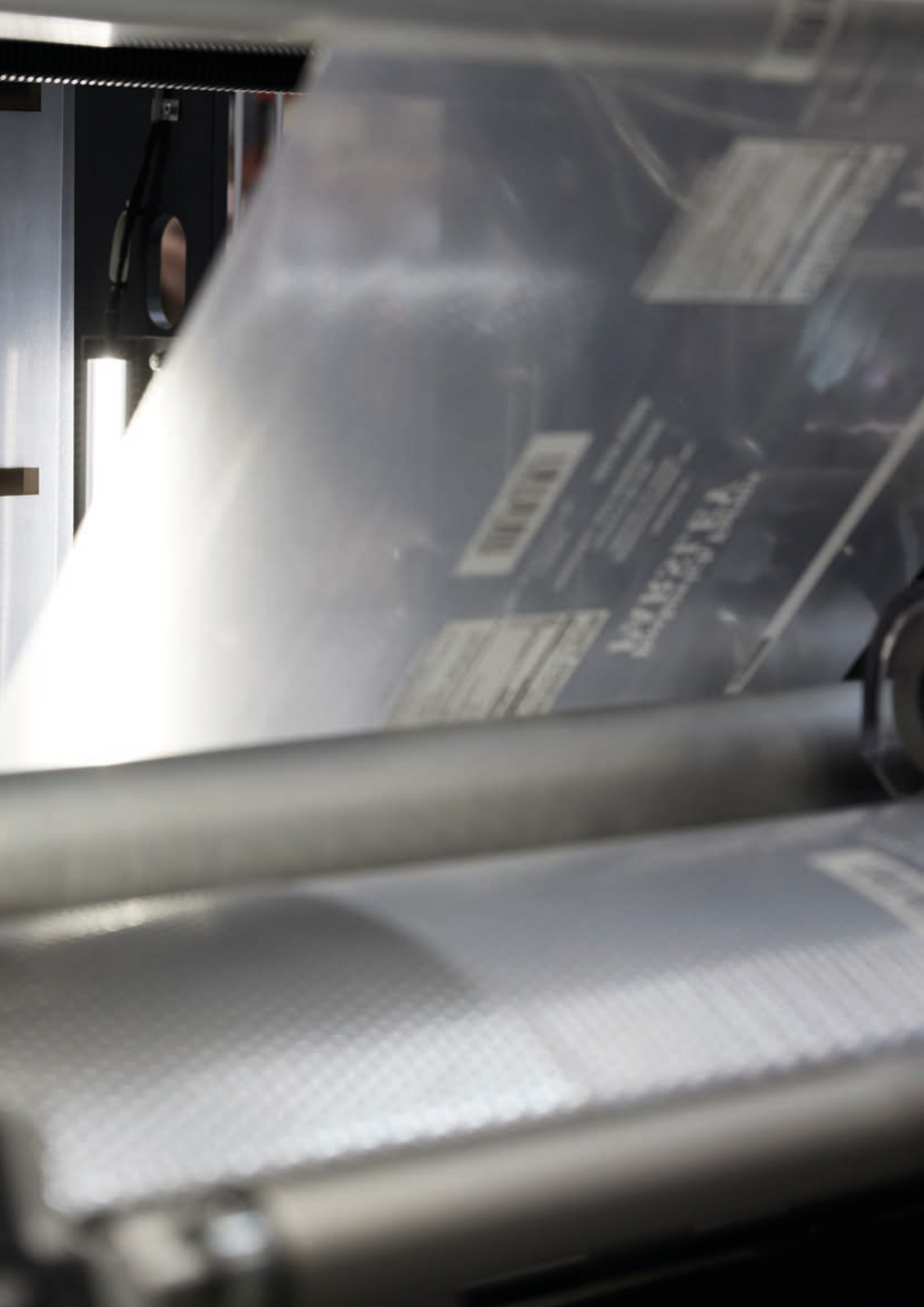
$$\frac{\text{Profit for the year x 100}}{\text{Average equity}}$$

Return on equity

$$\frac{\text{Net interest bearing debt}}{\text{EBITDA excl. other operating income \& cost}}$$

Leverage ratio


Boskovich Farms
PARSLEY
Nutrition Facts
about 14 servings per container
Serving size 1 tbsp (4g)
Amount per serving
Calories 0
% Daily Value*
Total Fat 0g 0%
Sodium 0mg 0%
Total Carbohydrate 0g 0%
Protein 0g
Not a significant source of saturated fat, trans fat, cholesterol, dietary fiber, total sugars, added sugars, vitamin D, calcium, iron and potassium.
INGREDIENTS: PARSLEY
PACKED BY :
BOSKOVICH FARMS, INC.
OXNARD CA 93030
PRODUCT OF USA
PERISHABLE, KEEP REFRIGERATED
1 BUNCH
SKU# 52364
MIN. NET WT. 2 OZ (56.69g)
0052 3646
Boskovich Farms
PARSLEY
Nutrition Facts
about 14 servings per container
Serving size 1 tbsp (4g)
Amount per serving
Calories 0
% Daily Value*
Total Fat 0g 0%
Sodium 0mg 0%
Total Carbohydrate 0g 0%
Protein 0g
Not a significant source of saturated fat, trans fat, cholesterol, dietary fiber, total sugars, added sugars, vitamin D, calcium, iron and potassium.
INGREDIENTS: PARSLEY
PACKED BY :
BOSKOVICH FARMS,
OXNARD CA 93030
PRODUCT OF USA
1 BUNCH
MIN. NET WT. 2 OZ (56.69g)
0052 3646



05 Management's statement and auditor's report

Management's statement

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Schur International Holding a/s for 1 November 2022 - 31 October 2023.

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

We consider the accounting policies selected appropriate and the accounting estimates made reasonable. In our opinion, the Annual Report gives a true and fair view of the Company's and the Group's assets, liabilities and financial position as of 31 October 2023 and the results of the activities and the cash flow of the Group and the Company for the financial year 1 November 2022 – 31 October 2023.

In our opinion, the Management's Review gives a true and fair description of the conditions outlined in the Review.

We recommend that the annual report be adopted by the Annual General Meeting.

Horsens, January 31st, 2024

Management Board

Hans Christian Schur

Johan Sebastian Schur

Board of Directors

Søren Birn Chairman

Hans Schur

Anne Mette Vestergaard Olesen

Morten Rahbek Hansen

Anna Katharina Schur

Henrik Burkal

Hans Christian Schur

Johan Sebastian Schur


KOENIG & BAUER

The independent auditor's report

To the shareholders of Schur International Holding a/s

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Schur International Holding A/S for the financial year 1 November 2022 – 31 October 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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 October 2023 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 November 2022 – 31 October 2023 in accordance with the Danish Financial Statements Act.

Basis for the opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "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 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.

The Management's responsibility 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.

Auditor's responsibility 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 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 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.

- 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 note 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.

Statement on management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, January 31st, 2024

EY

Godkendt Revisionspartnerselskab

CVR-no.: 30 70 02 28

Claus Hammer-Pedersen

State Authorised Public Accountant

mne21334

Simon M. Laursen

State Authorised Public Accountant

mne45894

Schur.com