



HAARSLEV™

Annual report for 2023



HAARSLEV INDUSTRIES A/S

Bogensevej 85, 5471 Soendersoe CVR.no. 33 96 89 81

Haarslev Industries A/S

Bogensevej 85, 5471 Soendersoe

CVR.no. 89 52 38 18

Annual report for 2023

Adopted at the annual general meeting on
Soendersoe, 12 June, 2024

Henrik Kofoed Petersen
Chairman at the general meeting

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Company information

The Company

Haarslev Industries A/S

Bogensevej 85

5471 Soendersoe

Website: www.haarslev.com

E-mail: DK-info@haarslev.com

Registered office: Nordfyns Kommune

CVR no.: 89 52 38 18

Financial year: 01.01 - 31.12

Executive Board

CEO	Kim Kirk Christensen
CFO	Henrik Kofoed Petersen
CCO	Henning Haugaard
COO	Anders Erik Ola Svehag

Board of directors

Chairman	Jørn Mørkeberg Nielsen
	Paal Kristian Weberg
	David Hess
	Lisa Åberg

Auditors

DELOITTE STATS-AUTORISERET REVISIONSPARTNERSELSKAB

Ultimate Parent Company

Haarslev Holding S.A.R.L., 9A Rue Gabriel Lippmann, L-5365 Munsbech, Luxembourg which is owned by Altor Fund III GP Limited.

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.23-31.12.23 for Haarslev Industries A/S.

The Financial Statements have been prepared in accordance with International Financial Accounting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act. Management's Review has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities, and financial positions on 31.12.2023 and of the results of the Company's activities for the financial year 01.01.2023 - 31.12.2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for approval by the general meeting.

Soendersoe, 12 June, 2024

Executive Board

Kim Kirk Christensen

CEO

Henrik Kofoed Petersen

CFO

Henning Haugaard

CCO

Anders Erik Ola Svehag

COO

Board of directors

Jørn Mørkeberg Nielsen

Chairman

Paal Kristian Weberg

David Hess

Lisa Åberg

Independent auditor's report

To the shareholders of Haarslev Industries A/S

Opinion

We have audited the financial statements of for the financial year, which comprise the income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including material accounting policy information. The financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at and of the results of its operations and cash flows for the financial year - in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Basis for 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 financial statements" section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant laws and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the financial statements and has been prepared in accordance with the information required by relevant laws and regulations. We did not identify any material misstatement of the management commentary.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Copenhagen, 12 June, 2024

Deloitte Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Eskild Nørregaard Jakobsen

State Authorised Public Accountant
Identification No (MNE) mne11681

Thomas Aamand Lund

State Authorised Public Accountant
Identification No (MNE) mne47764

Management's review

Who we are

Facts and numbers about us (approximate numbers)

No. 1 in protein upcycling of animal by-products

4 production sites worldwide

17 sales and service centers globally

70 certified engineers

120 countries sold to

212 EURm revenue

888 employees globally

66,000 m² production area

Vision and Values

Vision

Haarslev will be the undisputed market leader and provide technical solutions that enable our customers to run their feed and food processing operations more efficiently, more sustainably and more profitably.

Our values are:

Customer-focused

Committed to the success of our customers

Working together

Teamwork is at the heart of how we operate

Performance-oriented

Striving for excellence and delivering above and beyond our commitments

Primary Activities

Haarslev industries A/S is owned by Haarslev Group A/S, which is owned by Haarslev Group Holding A/S ("Haarslev Group" or "Haarslev"). Haarslev industries A/S is the parent company for all the entities in Haarslev Group except for Haarslev Group A/S and Haarslev Group Holding A/S. In the following the descriptions and figures relates to Haarslev Group unless otherwise mentioned.

Haarslev Group is a global provider of process solutions and equipment for the drying, dehydrating, and processing of fish-based and animal by-products, along with by-products from Bio Processing segments including wastewater, biogas production, and plant-based protein development. The Group also provides its process solutions, drying and dehydrating equipment to the municipal and industrial environmental sectors.

Business Model and Strategy for Haarslev Group

Haarslev is the largest global industry player within end-to-end solutions for the attractive global market for protein upcycling. The market is large and fundamentally stable with +5–6% growth p.a., driven by growth in underlying protein consumption, increased industrialization of protein processing, sustainability focus, and technology advancements.

From offices around the globe, Haarslev employees take pride in providing end-to-end solutions with the specialist equipment and know-how this takes. As the global population continues to grow and the world's supply of vital proteins, minerals, fuel, and other essentials are increasingly constrained, Haarslev seeks to play its part in utilizing resources more efficiently.

Leading Processing Supplier

Haarslev designs, manufactures, and services market-leading equipment, control systems and spare parts and services solutions for the poultry, meat, fish, and Bio Processing industries. Haarslev installs, commissions, monitors, and also provide service to these solutions to keep them running 24/7.

Leadership through Innovation

We invest significantly in product and process innovation. Dedicated Haarslev Innovation and Process departments are working to continuously improve the overall efficiency, capacity, and quality of our equipment. In the coming years we plan to step up our investments in innovation and new product development. Haarslev is well positioned to benefit from attractive market tailwinds being the largest, most innovative, end-to-end solution provider.

Global Reach

Haarslev has almost 900 employees in 13 countries around the world. We provide a unique service network with 8 service hubs and a Aftermarkets team. More than 150 people work on helping customers around the world keep their processing operations running 24/7. Our local presence is complemented by a strong network of experienced agents and distributors with which we have a partnership to deliver the best solutions to our customers globally.

Worldwide Customer Base

With customers located in more than 120 countries across the globe, Haarslev is a truly global company. Haarslev is extremely focused on building long-standing partnerships, as part of a strategy centered around customer centricity and strong co-operation with customers across industries and geographies.

Haarslev's long heritage as market leader implies that the company has significant untapped aftermarket potential. The long service life of Haarslev equipment (approx. 20 years) provides steady and predictable aftermarket demand.

Clear and Performance-oriented Strategy

Haarslev Group is expecting to grow faster than the market in the coming years, and with a clearly formalized plan under execution focused on capturing strong capital sales market growth, driving increased penetration, and delivering on significant operational initiatives.

Key Application Segments

Haarslev Group is focused on driving services across three main application segments:

- Poultry, Beef and Pork Rendering Solutions, serving protein processors and third-party rendering
- Fish Processing Solutions, to produce fish meal oil from fish by-products
- Bio Processingsing Solutions, technology used in wastewater plants, biogas production and plant-based protein processes

Given Haarslev’s differentiated expertise across all application segments, our team of industry professionals can anticipate market developments and changes, enabling us to adjust our business accordingly and serve our customers to the highest standards.

Across application industry segments, our offerings cover the full product life cycle – from pre-project feasibility studies, design and manufacturing to service and installation and, ultimately, de-commissioning the solutions.

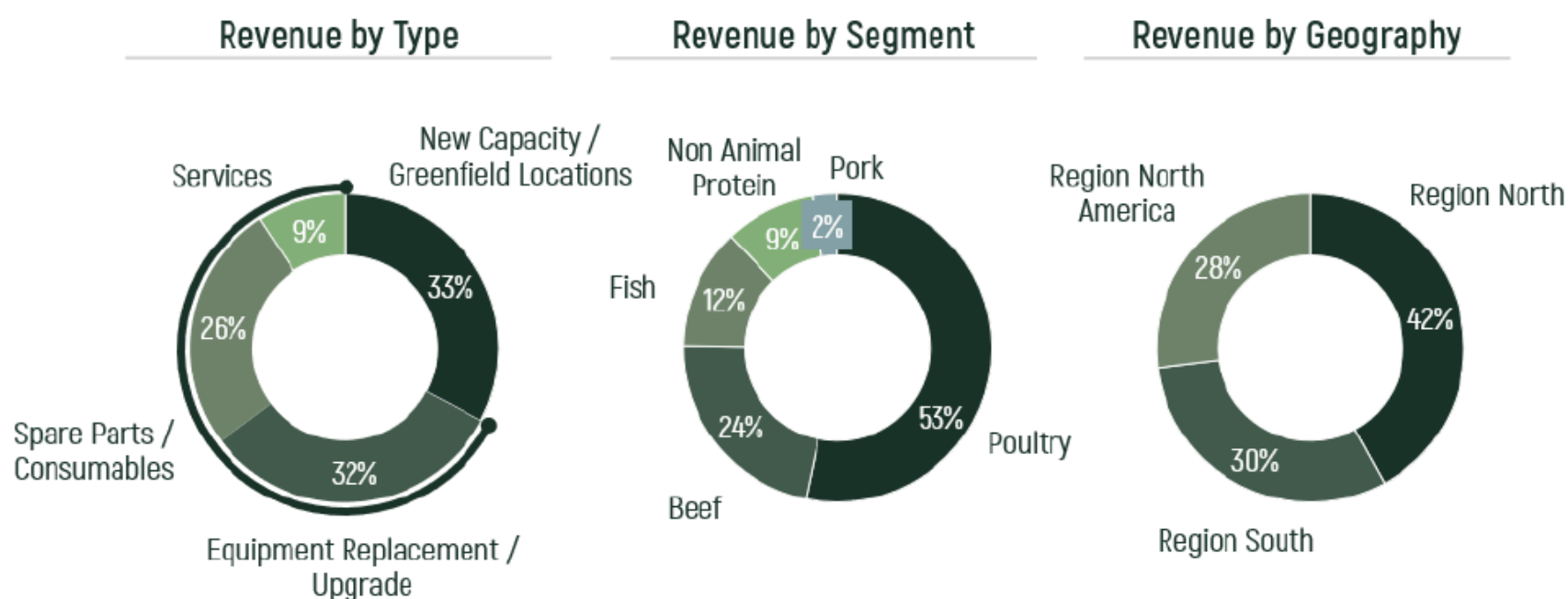
Global Sales and Service (Aftermarket) Network

Haarslev’s physical presence across the globe offers customers a local level of proximity, providing immediate response and first-class service from our skilled employees. We are continuously evaluating our network to optimize our skills and service levels and strengthen our connection with customers, especially within aftermarket spare parts and services.

Revenue Breakdown

Haarslev’s main revenue segment is capital sales, encompassing greenfield projects and equipment replacement/upgrades. The standalone, modular portfolio is the building block for larger projects. Our installed base is large and growing, effectively driving our resilient service and parts revenues.

Revenue for FY 2023 for Haarslev Group



New Corporate Strategy

Management has prepared Haarslev’s business plan for 2024 to 2028 to reflect the expected outcome of implemented or planned business initiatives for the Haarslev Group.

For the period 2024–2028 Haarslev has a normalized plan under execution focused on capturing strong capital sales market growth, driving increased Aftermarkets penetration, and delivering on significant operational initiatives, while continuing to invest in key organizational resources. In 2023 Haarslev increased

its focus on project profitability before growth, meaning not entering into contracts with contribution margins below budget target levels.

Development in Activities and Financial Affairs

The revenue in Haarslev Industries A/S (excluding subsidiaries) increased by 11.7% to DKK 819.954k (2022: DKK 733.919k). The gross margin (including special and exceptional items) increased from 10% in 2022 to 17% in 2023. Comparing actual performance in 2023 to the Outlook for 2023 presented in the 2022 Annual Report, revenue increased. During 2023, there was an increased focus on profit before growth, meaning not entering into contracts with contribution margins lower than budget targets and ensuring appropriate cost/input price estimations. The results for the year 2023 met budget expectations with a strong gross margin increase, driven by better pricing practices and better project execution. Management considers the result for 2023 to be satisfactory.

After a strong Order Intake (OI) in the first six months of 2023, the Group had a lower OI level in the last six months, partly driven by a temporary slowdown in global industrial CAPEX spend, several capital sales projects originally set for 2023 are now being planned for 2024, and deselection of certain lower-margin projects, given a heightened price discipline.

EBITDA (Earnings Before Interest, Tax, Depreciation and Amortization)

Haarslev industries A/S is owned by Haarslev Group A/S, which is owned by Haarslev Group Holding A/S. The two holding companies have only the activity to be holding companies. In the following the EBITDA development in Haarslev Group Holding A/S as well as in Haarslev Industries A/S (excluding subsidiaries) is illustrated:

DKK'000	2023	2022
Profit before net financials cf. Income statement (including special and exceptional items)	100.236	- 42.866
Depreciation, amortisation, impairment losses and write-downs cf. Adjustment to cash flow statement	43.739	39.421
EBITDA (including special and exceptional items)	143.975	- 3.445
Special items (included in Annual Report)	- 35.935	- 60.355
Exceptional items (included in Annual Report)	- 20.564	- 68.416
Normalised EBITDA (excluding special and exceptional items)	200.474	125.326

For Haarslev Group the normalized EBITDA (excluding special and exceptional items) has increased by DKK 75,148 or 60% compared to 2022. This increase is driven by improved pricing practices, better cost pass-through mechanisms, and enhanced project execution, including several supply chain efficiencies.

Special items in 2023 amounting to DKK 35,935k relate to realized losses on two specific projects during 2023. These projects were included in the Annual Report for 2022 with a positive margin. The reported revenues on 31 December 2022 for the two projects had been overstated, due to new knowledge received after the submission of the official Annual Report for 2022. The project reporting of the 2022 related losses (DKK 35,935k) is recognized in the official Annual Report for 2023 in a separate line as a Special Item in the P&L (Statement of Comprehensive Income).

Special items in 2022 (DKK 60,355k) comprise a write-down of the balance sheet value regarding contracts with customers in Russia. On 24 February 2022, Russia started a conflict in Ukraine. Haarslev took immediate action to ensure the safety of all employees in the region. Haarslev decided to suspend acceptance of new orders for projects in Russia and Belarus. Haarslev has been in full compliance with all applicable sanctions from day one and remains so and is engaging with customers about the right next steps. Haarslev is in the process of a solvent liquidation of the Russian entity in 2024.

Exceptional items DKK 20,564k (2022: DKK 68.416k) comprise restructuring costs from several business units as well as legal fees and a strategic project.

For Haarslev Industries A/S the normalized EBITDA (excluding special and exceptional items) has increased by DKK 40.503 to DKK 60.475k. This increase is driven by improved pricing practices, better cost pass-through mechanisms, and enhanced project execution, including several supply chain efficiencies.

DKK '000	2023	2022
Loss before net financials cf. Income statement (including exceptional items)	41.984	-84.265
Depreciation, amortisation, impairment losses and write-downs cf. Adjustment to cash flow statement	15.488	15.906
EBITDA	57.472	-68.359
Special items (included in Annual Report)	618	-59.524
Exceptional items (included in Annual Report)	-3.621	-28.807
Normalised EBITDA, (excluding special and exceptional items)	60.475	19.972

Special items in 2022 (DKK 59.524k) comprise a write-down of the balance sheet value regarding contracts with customers in Russia. On 24 February 2022, Russia started a conflict in Ukraine. Haarslev took immediate action to ensure the safety of all employees in the region. Haarslev decided to suspend acceptance of new orders for projects in Russia and Belarus. Haarslev has been in full compliance with all applicable sanctions from day one and remains so and is engaging with customers about the right next steps. Haarslev is in the process of a solvent liquidation of the Russian entity in 2024.

The entity's income statement for 2023 shows a profit after tax of DKK 57.750k (2022: loss after tax of DKK 75.267k).

The entity's balance sheet as of 31 December 2023 shows an equity of DKK 117.767k (2022: DKK 68.487k) and total assets of DKK 1.361.914k(2022: DKK 1.456.655k).

Capital resources and funding

Total cash flow was negative by DKK 2.799k (2022: negative by DKK 692k). Cash flow from operating activities was positive by DKK 13.641k (2022: negative by DKK 57.388k).

A new bank agreement covering the period to 30 June 2025 was signed in December 2022. As part of the agreement with the Group's lenders, the Group must comply with certain financial covenants. The outlook for 2024 is in compliance with these financial covenants based on the key assumptions that the Group will not experience any significant operational issues throughout 2024.

Based on these assumptions and the budget for 2024, Group Management considers that the Group's capital resources and funding will be on an acceptable level and improved compared to 2023 throughout the year 2024.

The Group is from time to time evaluating strategic options that could lead to changes in ownership structure. Regardless of this, it is the expectation that the Group in due time before the end of June 2025 will complete a refinancing.

Uncertainty relating to recognition and measurement

In the opinion of Management, the following accounting estimates and assessments are significant in the preparation of the Consolidated Financial Statements:

Key accounting estimate	Note	Estimation risk
Work in progress (and thereby revenue and production costs)	18	Medium
Inventory (and thereby production costs)	17	Medium

Risk Management

Because of its operations, investments, and financing, the Group is exposed to volatility in terms of raw material prices, exchange rates, and the level of interest. The risk of changes in raw material prices is to a degree contractually transferred to our customers. The Group does not enter financial instruments for hedging.

Operational Risk Management

The main operational risk in the Group relates to the execution of large complex customer projects. The Group's extensive know-how and many years of experience within project management are the main components in mitigating this risk. Bid reviews and project support from central knowledge centers are an integrated part of the project management process.

Additionally, several reporting procedures have been set up in order to monitor project progress and to ensure actions are taken if unforeseen issues arise during the project lifetime. The status on the largest projects is reported to the Board of Directors on a monthly basis.

In relation to the preparation of the financial statements, management has a particular focus on the control procedures in relation to the following items:

- Revenue recognition of large projects
- Valuation of work in progress

The formal monthly reporting procedures, as well as review meetings, are set up to mitigate risks related to these items.

Resources

The Group has considerable resources within its field of activity, which may be divided into four categories: Customers, Technology, Processes, and Staff Relations.

Customers

The Group aims at creating value for its customers by providing intelligent solutions, created in cooperation with the individual customer, meeting the customers' expectations through the delivery of customized, high-quality products, delivered in accordance with terms of delivery, etc. The key performance indicators in this respect include customer satisfaction and customer loyalty. Follow-up is made regularly through close dialogue with customers.

Technology

It is important for the Group – in both the short and long term – to ensure the right portfolio of production technologies and a continued further development of existing production technologies.

Processes

The critical business processes relate to the development of individual solutions, quality, and service. The individual methods and procedures are documented in order to make sure the customer receives the agreed service. Compliance with time of delivery and the scope of warranty expenses are important indicators of the functionality of business processes. The Group constantly makes great efforts to ensure that the goals set up for the business processes are complied with.

Furthermore, the Group's internal development activities are constantly focused on improving products and processes, often in cooperation with the customer.

Staff Relations

In order to continuously be able to deliver and develop competitive products and solutions, it is crucial that the Group is capable of recruiting and retaining highly qualified employees.

The number of employees has developed as follows:

Average number of employees for the Group was 888 in 2023 (2022: 907). Total number of employees end of 2023 was 855 (of which 363 are in Denmark), compared to 907 in 2022 (of which 381 are in Denmark).

Research and Development Activities

The Group is not engaged in research, but is developing its technologies, processes, and competencies on an ongoing basis. One part of this development work is related to updating and improving existing technologies, both equipment and software solutions, while the other is related to the development of new equipment.

Statutory Report on Corporate Social Responsibility, Diversity and Underrepresented Gender

Haarslev has decided to publish the statutory CSR and Diversity statements on the Company's website, see the Danish Financial Statements Act, § 99a § 99b and § 99d. The CSR and Diversity statements are developed for Haarslev Group Holding A/S and subsidiaries. To read these statements please visit www.haarslev.com/esg.

At Haarslev, we aspire to create a fair, diverse and inclusive workplace in which our staff feel a sense of belonging. Our goal to recruit at least one person from the under-represented gender to the company's board of directors was met in Q4 2023, with the successful selection of an experienced female to serve on the board. Haarslev also has two employee-elected females on the board of directors. We will continue to prioritise addressing and promoting diversity and inclusivity among Haarslev board members, and have set a target for 2025 to increase with one more female.

In the course of 2024 Haarslev will prepare gender composition policies accounting for the EC and GMT layers of the Group's management organisation. The ambitious target for 2025 is to reach a level at 25%-30% of the under-represented gender in 2025.

	2022	2021		2023	Target 2025
Board of Directors	4	4	Number of board members	4	4
	0	0	% of the under-represented gender*	25	30
Executive Committee (EC)	4	4	Number of EC members	4	4
	0	0	% of the under-represented gender	0	25
General Management Team (GMT)	7	7	Number of GMT members	7	7
	11	6	% of the under-represented gender	14	30

*(equivalent to one additional female)

Corporate Governance

The Board of Directors and Executive Board of Haarslev Group Holding A/S constantly seek to ensure that the management structure and control systems of the Haarslev Group are appropriate and satisfactory.

Management assesses whether this remains the case, on an ongoing basis. The tasks and responsibilities of management are, amongst others, based on the Danish Companies Act, the Danish Financial Statements Act, the Company's Articles of Association and generally accepted practice for enterprises of the same size and with the same international reach as Haarslev Group Holding A/S.

In this connection and because the Haarslev Group's principal shareholder is Altor Fund III GP, which is a member of ACTIVE OWNERS DENMARK (previously Danish Venture Capital and Private Equity Association [www.aktiveejere.dk]), the Haarslev Group complies with the guidelines for responsible ownership and corporate governance of Aktive Ejere (previous DVCA), including the codex for tax policy.

On this basis, management has developed a number of internal procedures to ensure active, secure, and profitable management of the Group. This includes further strengthening of the Finance function, an increased number of financial control reviews, controlling visits at subsidiaries, and an updated "Code of Conduct" across the Group.

Shareholder Relations

On an ongoing basis, the Board of Directors assesses whether the company's capital structure is in accordance with the interests of the company and its stakeholders. The overall objective is to ensure a capital structure that supports long-term, profitable growth.

The company's Articles of Association stipulate no limits of ownership or voting rights. If an offer is received for an acquisition of company shares, the Board of Directors will consider this in accordance with the law.

The Haarslev Group's principal shareholder is Altor Fund III GP, which owns approx. 76% of the company's shares, while 20% of the Group's shares are owned by Haarslev Group A/S (own shares). The remaining shares are owned by management and employees of the Group.

As of the year end of 2023 Haarslev Group Holding A/S owns none of its own shares. The company will from time to time hold a limited number of its own shares, when changes in Group Management take place.

Board of Directors

Jørn Mørkeberg Nielsen (chairman)

Elected by the General Assembly. Member of the Board of Directors in 2020.

Chairman of the Board of Haarslev Group Holding A/S and Haarslev Group A/S. Chairman of the Board of MULTI-WING GROUP A/S, Member of the Board of Skiold A/S, Member of the Board of Skiold Group A/S, Member of the Board of Viet-Jacobsen Fonden, Chairman of the Board of MWG HoldCo ApS.

David Hess

Elected by the General Assembly. Member of the Board of Directors in 2020.

Member of the Board of Haarslev Group Holding A/S, Haarslev Group A/S. Member of the Board of Altor Equity Partners A/S.

Paal Kristian Weberg

Elected by the General Assembly. Member of the Board of Directors in 2019.

Member of the Board of KonfiDents Altordent Holding AB, Haarslev Group A/S, Haarslev Group Holding A/S, Haarslev Group A/S.

Lisa Åberg

Elected by the General Assembly. Member of the Board of Directors in 2023.

Member of the Board of Haarslev Group A/S, Haarslev Group Holding A/S. Member of the Board of SATS ASA, Avanza Bank, Swegon and Caljan A/S.

Responsibilities of the Board of Directors

The Board of Directors has monitored the preparation of the financial reporting, the internal controls, and the audit of the financial statements.

The Board of Directors ensures that the Executive Board complies with the objectives, strategies, and procedures laid down by the Board of Directors. The reporting from the Executive Boards of the respective companies takes place systematically, both at meetings and through written and verbal reporting on an ongoing basis.

Among other things, this reporting includes a description of the development in key markets, as well as the Group's operational and financial development. The Board of Directors holds meetings according to a fixed plan, with at least five meetings a year and extraordinary meetings if required.

Management remuneration

In order to attract and retain the Group's management competencies, remuneration of the members of the Executive Board and executives is determined considering their responsibilities, value creation, and the conditions of comparable enterprises. This remuneration includes performance-related elements aimed at aligning interests between company management and the shareholders, as the schemes consider both short-term and long-term goals.

Such performance-related elements include cash bonuses as well as a warranty programs for selected key executives responsible for the day-to-day management.

Dividend policy

Payment of dividend takes place in due consideration of the necessary consolidation of equity as a basis for the Group's continued expansion. Dividend proposed for 2023 amounts to DKK 40.000k. (2022: DKK 30.000k).

Stakeholders

The Group constantly seeks to develop and maintain good relations with its stakeholders, as such relations are considered to be of significant and positive importance to the Group's development. On this basis, Haarslev Group Holding is pursuing active communication with its stakeholders and, moreover, has separate policies for various key areas such as staff, environmental factors, and responsibility towards customers and society at large. These policies are to ensure that information of importance to, among others, investors, employees, and authorities is provided and published in accordance with rules and agreements.

Part of the work of the Board of Directors is to ensure both compliance with and regular adaptation of the guidelines in accordance with the development in and around the Group.

Events after the balance sheet date

No events that would influence the evaluation of this annual report have occurred from the date of the balance sheet up to this current date.

Outlook

Haarslev is entering 2024 with a solid backlog and positive momentum. Overall, our pipeline is solid with a healthy distribution across segments and geographies.

The outlook for 2024 is therefore positive based on backlog and successful operational re-balancing to drive continued strong profitability and accelerate growth. Potential exceptional macro events could affect outlook more negative, such as weaker industrial capex or geopolitics, despite of the end-market food producers/rendering market being less affected by such geopolitical issues.

In 1Q24 Haarslev delivered a strong performance with higher EBITDA than budgeted, despite lower revenue.

For 2024, we expect to achieve revenue of DKK 800m – 950m, EBITDA before exceptional items of DKK 70m and a profit for the year of DKK 100m compared to EBITDA of DKK 57m and profit of DKK 64m in 2023.

Financial highlights

Figures in DKK '000	IFRS 2023	IFRS 2022	IFRS 2021	IFRS 2020	DK GAAP 2019
Profit/loss					
Revenue	819.954	733.919	732.023	758.327	698.108
Gross profit	138.878	70.495	111.263	91.572	35.924
Profit/loss before net financials, tax, discontinued activities and special items	41.984	-24.741	31.146	10.928	-42.699
Special items	0	-59.524			
Total net financials	-20.359	-25.718	-20.049	-43.492	-4.756
Discontinued activities	0	0	0	-11.161	970
Profit/loss for the year	57.750	-75.267	33.575	-52.891	-42.805
Total comprehensive income	41.252	-58.948	55.748	-64.708	
Balance					
Total assets	1.361.914	1.390.851	1.263.751	1.198.986	1.308.137
Investments during the year in property, plant and equipment	20.605	20.799	4.919	20.799	2.535
Equity	117.767	68.487	123.529	86.781	132.472
Cashflow					
Net cash flow:					
Operating activities	13.641	-57.388	99.349	-64.637	
Investing activities	53.272	103.501	-10.494	-98.446	
Financial activities	-69.712	-46.805	-84.007	155.136	
Cashflow for the year	-2.799	-692	4.848	-7.947	
Employee average FTE	330	334	343	394	396
Ratios profitability					
Return on equity	62%	-81%	32%	-42%	-27%
Gross Margin	17%	10%	15%	12%	5%
Ratios Equity					
Equity ratio	9%	5%	10%	7%	10%
Equity and subordinated loan ratio	18%	13%	18%	16%	19%
Return of equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$				
Gross margin:	$\frac{\text{Profit/loss before net financials and discontinued activities} \times 100}{\text{Revenue}}$				
Equity interest:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$				
Equity and shareholder loan ratio:	$\frac{(\text{Equity, end of year} + \text{subordinated loan}) \times 100}{\text{Total assets}}$				

2020-2023 are according to IFRS principles. 2019 are according to Danish Financial Statement Act (DK GAAP)

Separate statement of comprehensive income

Notes		2023	2022
Figures in DKK '000			
4	Revenue	819.954	733.919
	Production costs	-681.076	-663.424
	Gross profit	138.878	70.495
	Distribution costs	-31.298	-31.940
	Administration costs	-65.595	-63.296
	Profit/loss before net financials, before special items	41.984	-24.741
9	Special items	0	-59.524
	Profit/loss before net financials, after special items	41.984	-84.265
15	Result from equity investments in Group enterprises	44.644	39.857
7	Financial income	46.242	24.500
7	Financial expenses	-66.601	-50.218
	Profit/loss before tax	66.270	-70.126
8	Tax on profit or loss for the year	-8.520	-5.140
	Profit/loss for the year	57.750	-75.267
	Other comprehensive income		
	Exchange rate adjustments of investments in Group enterprises	-16.498	16.319
	Other comprehensive income, net of tax	-16.498	16.319
	Total comprehensive income	41.252	-58.948

Balance sheet 31 December

ASSETS		2023	2022
Notes	Figures in DKK '000		
	Software	7.391	7.848
	Development projects in progress	0	6.954
	Knowhow	28.358	34.184
10	Total intangible assets	35.748	48.986
12	Leases	3.468	4.528
	Land and buildings	34.799	33.195
	Machinery and equipment	8.298	8.084
	Other fixtures and fittings, tools and equipment	13.064	12.968
	Property, plant and equipment under construction	13.422	273
11	Total tangible assets	73.052	59.049
15	Equity investments in Group enterprises	384.597	423.061
19	Receivables from Group enterprises	442.608	402.680
13	Equity investments in associates	0	0
19	Other receivables	1.174	1.270
20	Deferred tax asset	0	2.746
	Total investments	828.379	829.756
	Total non-current assets	937.180	937.791
	Raw materials and consumables	40.364	91.817
	Product in progress	41.603	36.487
	Manufactured goods and goods for resale	51.564	64.019
16	Total inventories	133.531	192.324
17	Work in progress for third parties	101.676	59.683
18	Trade receivables	39.514	63.530
19	Trade receivable from Group enterprises	119.867	89.857
	Other receivables	813	4.584
	Prepayments	18.651	29.604
	Total receivables	280.521	247.257
	Cash	10.682	13.480
	Total current assets	424.734	453.061
	Total assets	1.361.914	1.390.851

Balance sheet 31 December (continued)

EQUITY AND LIABILITIES		2023	2022
Notes	Figures in DKK '000		
21	Share capital	500	500
	Retained earnings	77.267	37.987
	Proposed dividend	40.000	30.000
	Total equity	117.767	68.487
	Payables to other credit institutions	0	3.152
	Subordinated loan from Group enterprises	121.447	114.541
	Leases	2.549	3.019
	Other payables	32.413	31.778
20	Deferred tax liability	3.254	0
23	Total non-current liabilities	159.663	152.490
23	Leases	1.720	2.502
23	Payables to other credit institutions	282.549	297.643
17	Prepayment received from work in progress for third parties	31.778	141.658
	Prepayments received from customers	64.640	13.634
	Trade payables	96.281	175.885
	Tax payables	3.191	3.350
	Payables to Group enterprises	519.974	470.221
22	Other provisions	45.945	17.088
	Other payables	38.406	47.895
	Total current liabilities	1.084.484	1.169.874
	Total payables	1.244.147	1.322.365
	Total equity and liabilities	1.361.914	1.390.851
24	Financial instruments		
25	Contingent liabilities		
26	Securities		
27	Related parties		

Separate cash flow statement

Note	Figures in DKK '000	2023	2022
	Net profit/loss for the year	57.750	-75.267
29	Adjustments	22.502	20.932
	Change in working capital		
	Inventories	16.799	-30.544
	Receivables and payable from related parties	19.743	-28.655
	Receivables	27.786	-17.318
	Trade payables	-79.604	47.293
	Other receivable relating to operating activities	11.049	-22.180
	Other payables relating to operating activities	-39.506	79.209
	Cash flows from operating activities before net financi	36.520	-26.530
	Interest income and similar income received	46.242	24.500
	Interest expenses and similar expenses paid	-66.601	-50.218
	Income tax paid	-2.520	-5.140
	Cash flows from operating activities	13.641	-57.388
	Purchase of intangible assets	-4.224	-10.965
	Sale of intangible assets	8.529	0
	Purchase of property, plant, and equipment	-19.215	-19.051
	Sale of property, plant, and equipment	0	9.563
	Dividend received	66.615	93.461
	Equity investments in Group enterprises	1.567	30.492
	Cash flows from investing activities	53.272	103.501
	Dividend paid	-30.000	-24.000
	Receivables from related parties	-3.021	-4.001
	Payment to credit institutions	-33.752	-26.240
	Other payable	-364	12.233
	Payment of lease commitments	-2.574	-4.797
	Cash flows from financing activities	-69.712	-46.805
	Total cash flows for the year	-2.799	-692
	Cash beginning of year	13.480	14.172
	Total cash	10.682	13.480

Statement of changes in Equity

Figures in DKK '000	Share capital	Reserve for exchange rate adjustments	Retained earnings	Proposed dividend	Total Equity
Statement of changes in equity for 01.01.2022 -31.12.2022					
Balance as of 01.01.2022	500	10.372	88.657	24.000	123.529
IFRS adjustment to prior year			24.712		24.712
Adjusted balance as of 01.01.2022	500	10.372	113.369	24.000	148.241
Net profit/loss for the year			-104.875	30.000	-74.875
Other comprehensive income					
Foreign currency translation adjustment of foreign enterprises		16.319			16.319
Total other comprehensive income		16.319			16.319
Total comprehensive income		16.319	-104.875	30.000	-58.556
Dividend paid				-24.000	-24.000
Equity contribution from Group			2.802		2.802
Transactions with owners		0	2.802	-24.000	-21.198
Balance as of 31.12.2022	500	26.691	11.296	30.000	68.487

Statement of changes in equity for 01.01.2023 -31.12.2023

Balance as of 01.01.2023	500	26.691	11.296	30.000	68.487
Net profit/loss for the year			17.750	40.000	57.750
Other comprehensive income					
Foreign currency translation adjustment of foreign enterprises		-16.498			-16.498
Total other comprehensive income		-16.498			-16.498
Total comprehensive income		-16.498	17.750	40.000	41.252
Dividend paid				-30.000	-30.000
Equity contribution from Group			38.028		38.028
Transactions with owners		0	38.028	-30.000	8.028
Balance as of 31.12.2023	500	10.193	67.074	40.000	117.767

Refer to note 21 for further information.

Overview of notes and accounting policies

1. Introduction

Reporting entity

Haarslev Industries A/S is the reporting entity. Haarslev Industries A/S is a limited liability Company incorporated in Denmark. Referring to 109(3) of the financial statement Act, no consolidated financial statements have been prepared. Haarslev Industries A/S is included in the consolidated numbers of Haarslev Group Holding A/S, CVR.no. 33 96 93 76, with registered office in Nordfyns kommune.

On 12 June 2024, the Board of Directors and the Executive Management Board considered and approved the 2023 Financial Statements of Haarslev Industries A/S. The Financial Statements will be presented to the shareholders of Haarslev Industries A/S for approval at the ordinary Annual General Meeting on 12 June 2024.

The principal accounting policies

The principal accounting policies applied in the preparation are set out in the sections below. The principal accounting policies applied in the preparation of the Financial Statements of the Company have been consistently applied to all the years presented, unless otherwise stated.

The Company's financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and additional Danish disclosure requirements for the financial statements of reporting class C large, cf. the Danish Executive Order on Adoption of IFRSs ("IFRS bekendtgørelsen") issued in accordance with the Danish Financial Statements Act ("DFSA").

The notes and accounting policy sections are divided into areas that describe the various aspects of the accounts. The notes also include the accounting policy, estimates and uncertainties and figures.

IFRS adjustment to prior year

Beginning in 2021, Haarslev began preparing its separate financial statements in accordance with the International Financial Reporting Standards (IFRS) as approved by the EU and further requirements in the Danish Financial Statements Act. The transition date to IFRS was 1 January 2020 for application of the standards that apply to 2021. In accordance with IFRS, comparative figures are restated so that the financial statements are in compliance with the IFRS. Changes in the accounting policy, had an impact for subsidiaries equity method, and has changed the beginning equity in 2022 with the amount of kDKK 24,712. There is no changes for the year 2023.

There has in 2023 been recognised reclassification and comparisons of numbers in 2022 between other provisions and work in progress for third parties.

Measurement basis

The Company's Financial Statements are prepared according to the historical cost convention except that derivatives and financial instruments classified as "Fair value through profit loss" (FVTPL) are measured at fair value. Assets classified as held for sale are measured at the lower of the carrying amount before the changed presentation and the fair value less costs to sell. The accounting policies, set out below and in the notes, have been used consistently in respect of the financial year and to comparative figures.

The Financial Statements are presented in Danish Kroner (DKK) which is the Company's functional currency.

Application of materiality and relevance

The Financial Statements are based on the concept of materiality and relevance to ensure that the content is material and relevant to the user. When assessing materiality and relevance, due consideration is given to ensure compliance with applicable accounting legislation etc. and to ensure that the Financial Statements give a true and fair view of the Company's financial position at the balance sheet date.

The Financial Statements consist of many transactions. These transactions are aggregated into classes according to their nature or function and presented in classes of similar items in the Financial Statements and in the notes as required by IFRS. If items are individually immaterial, they are aggregated with other items of similar nature in the statements or in the notes.

Management provides specific disclosures required by IFRS unless the information is not applicable or is considered immaterial to the decision making of the primary users of these financial statements.

Significant accounting policies

Management considers the accounting policies for the following areas as the most important for the Company:

- Revenue
- Work in Progress
- Inventory

Significant estimates

In the preparation of the Financial Statements, Management undertakes several accounting estimates and assessments and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Company. The key accounting estimates identified are those that have a significant risk of resulting in a material adjustment to the measurement of assets and liabilities in the following reporting period. These estimates assessments, and assumptions are based on historical experience and other factors which the Management considers reasonable under the circumstances, but which by their nature are uncertain and unpredictable. The assumptions may be incomplete or inaccurate and unanticipated events or circumstances may occur, for which reason the actual results may deviate from the applied estimates, assessments, and assumptions. In addition, the Company is subject to risks and uncertainties that may cause actual outcomes to deviate from these estimates. Management considers the key accounting estimates to be reasonable and appropriate based on currently available information. The actual amounts may differ from the amounts estimated as more detailed information becomes available.

The estimates and underlying assumptions are reviewed on an ongoing basis. If necessary, changes are recognised in the period in which the estimate is revised.

In the opinion of Management, the following accounting estimates and assessments are significant in the preparation of the Financial Statements:

Key accounting estimate	Note	Estimation risk
Work in progress (and thereby revenue and production costs)	17	Medium
Inventory (and thereby production costs)	16	Medium

2. Translation of foreign currencies

Functional and presentation currency

Items included in the Financial Statements of each of the Group's enterprises are measured using the functional currency of the primary economic environment in which the enterprise operates. The Financial Statements are presented in Danish Kroner (DKK).

Translation of transactions and balances

On initial recognition, foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of transaction. Currency gains and losses resulting from the settlement of these transactions as well as from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income statement as Financial income or expenses.

Non-current assets acquired in foreign currency are translated at the exchange rate prevailing at the date of acquisition. Gains and losses on hedges relating to the acquisition of non-current assets are recognised as part of the value of the non-current asset at its initial recognition.

Translation of subsidiaries

In the Financial Statements, the Income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, calculated on an average for each month, while the balance sheet items are translated at the exchange rates at the end of the reporting period. Foreign exchange differences arising on translation of such subsidiaries' equity at the beginning of the reporting period to the exchange rates at the end of the reporting period and on translation of the Income statements from average exchange rates to the exchange rates at the end of the reporting period are recognised in Other Comprehensive Income and attributed to a separate translation reserve under equity.

When disposing of 100%-owned foreign enterprises, exchange differences which have accumulated in Equity via Other Comprehensive Income, and which are attributable to the enterprise, are transferred from Other Comprehensive Income to the Income statement together with any gains or losses associated with the disposal.

3. Accounting policy IFRS

New International Financial Reporting Standards and Interpretations

Management has assessed the impact of new or amended and revised accounting standards (IFRSs) and interpretations (IFRICs) issued by the IASB and IFRSs endorsed by the European Union effective on or after 1 January 2023.

The Company has adopted standards and interpretations effective as of 31 December 2023. The Company has not early adopted any standards, interpretations or amendments that have been issued but are not yet effective. The new and amended Standards and Interpretations are not mandatory for the financial reporting for 2023.

The Company expects to adopt the new Standards and Interpretations when they become mandatory. None of the existing new standards and interpretations are expected to have a significant impact on recognition and measurement.

Presentation of the Statement of Income

Haarslev Industries A/S presents expenses in the Statement of Income in accordance with their function. This allows the presentation of gross profit in the Statement of Income, which is a widely used performance measure in the industry. The composition of the costs allocated to the individual functions is explained as follows:

- Production costs encompasses all manufacturing costs (including raw materials, employee benefits, and depreciation and amortization) related to goods and services captured in revenues. They are measured at their actual cost based on “first in, first out” or weighted average cost;
- Selling and marketing expenses relate to the selling and marketing of goods and services.
- Administrative expenses relate to the strategic and governance role of the general management of the Company as well as the representation of Haarslev as a whole in the financial, political or business community. General and administrative expenses also relate to business support activities of staff departments that are not directly related to the other functional areas.

4. Revenue

Haarslev reports its revenue on the following parameters:

- Activities (Capital Sales or Aftermarkets)
- Industries (Fish, Poultry & Beef, Bio Processing)
- Geography

Activities

Our revenue comprises of two activities, Capital sales and aftermarkets. In the following table revenue is disaggregated by capital sales (comprised of revenue from greenfield and large projects, standard equipment, and modernization equipment) and aftermarket (comprised of maintenance, service, and spare parts).

Figures in DKK '000	2023	2022
Revenue comprises of the following activities:		
Capital sales	584.869	536.645
Aftermarket	235.085	197.273
Total	819.954	733.919

Capital sales revenue consist of DKK 458.243k (2022: 371.390k) recognized over time and DKK 126.625k (2022: 165.255k) of revenue is recognized at a point in time. All Aftermarket revenue is recognized at a point in time.

Industries

The following summary describes the operations in each of the Companies areas:

- Bio Processing
- Poultry & Beef rendering
- Fish processing

Figures in DKK '000	2023	2022
Revenue comprises of the following areas:		
Bio Processing	92.685	96.936
Poultry & Beef rendering	577.319	488.409
Fish	149.950	148.573
Total	819.954	733.919

With deeply rooted industry expertise across all three segments, our team of industry professionals are able to anticipate market developments and changes in the industry, allowing us to adjust our business accordingly and serve our customers to the highest standard.

In all industry areas, our offerings cover the full product life cycle – from design & manufacturing to service & installation and, ultimately, de-commissioning of the solutions.

Bio Processingsing

Conversion of non animal bi-products such as industrial and municipal sludge into biofuels, fertilizer and other purposeful elements.

Poultry & Beef rendering

For Poultry & Beef rendering, we offer processing of meat, bones, and offal.

The poultry rendering industry has its own specific needs and requirements when it comes to the processing of meat, bones, offal, feathers, and blood.

Haarslev designs, develops, and supplies both processes and equipment that help our customers face their challenges. Our solutions focus on efficient utilization of raw materials and energy, as well as on product quality, regulatory conformance, and environmental impact.

Feather processing

Feather meal is made from poultry feathers by hydrolyzing under elevated heat and pressure and then drying and grinding. The pressure hydrolysis process is necessary to convert the hard, fibrous proteins called keratin, which is the principal component of feathers and hog hair, into feather meal that contains amino acids.

Hydrolyzation of the feathers, prior to drying, breaks down the protein bonds in the raw material and makes the feather meal more digestible. Hydrolyzed feather meal is a good source of natural protein for most animal diets. It can be used to replace a significant portion of other protein sources in livestock and aquaculture diets.

Blood processing

Blood contains 16-18 percent protein solids and dried blood meal is a valuable ingredient in feed for non-ruminant animals because it has a high lysine content. Blood meal is also used as a high-nitrogen fertilizer.

The blood is fed into a blood coagulator. The coagulated blood solids and water are separated in a decanter and the blood solids are dried in either a Continuous Cooker or a Batch Cooker.

This method is very energy efficient, as more than half of the water is removed mechanically before drying.

Fish Processing

Although fish meal processing generally follows the same principles, the process requirements vary from one area to another and from one plant to another. Freshness of the catch, type of fish, requirements for meal and oil quality and environmental issues dictate the need for individual plant solutions. We offer a full delivery program to meet such challenges. Fish meal plants from Haarslev operate all over the world. Our product range goes from small land-based or ship-based units and up to the largest fish meal plants in the world. Our plants are known for maximum energy efficiency, reliability, safety, and compliance with local environmental standards.

High-grade fish meal sells at high market prices because this type of meal has shown significant advantages in aquaculture and animal breeding. This is difficult to replace with proteins of other origin. Haarslev develops special cooking and drying equipment, which limits the exposure of the fish to high temperatures. The result is a better preservation of essential amino acids, and that digestibility remains as high as possible. Our plant design focuses on optimum utilization of both raw materials and energy.

In all industry segments, our offerings cover the full product life cycle – from design & manufacturing to service & installation and, ultimately, de-commissioning of the solutions.

Geographical areas

In the following table, revenue is disaggregated by primary geographical markets. Revenue is allocated based on the country where the customer is located:

Figures in DKK '000	2023	2022
Revenue comprises of the following geographical markets:		
Revenue, Denmark	93.535	99.924
Revenue, other EU countries	336.276	287.932
Revenue, non-EU countries	390.143	346.063
Total	819.954	733.919

Revenue can be split into three large geographical areas, Denmark, other EU countries and non-EU countries.

Accounting policies

The Group recognises revenue from the following major sources:

Capital Sales

- sale of specialised manufactured machines
- installation of manufactured machines for specialised business machines
- sales-related warranties associated with sale of manufactured goods
- sale of standard machines

Aftermarkets

- maintenance and spare parts

Revenue is recognised based on the considerations specified in contracts with customers based on the five-step process as described in IFRS 15. Revenue is recognised, when or as control over distinct goods or services is transferred to the customer, i.e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. Revenue is the transaction price Haarslev expects to be entitled to.

Capital Sales

Sale of specialised manufactured machines

The Group constructs and sells specialised (to customer's needs) manufactured machines under long-term contracts with customers. Under the terms of the contracts, the Group is contractually restricted from redirecting the properties (machines) to another customer and has an enforceable right to payment for work done. Therefore, the specialised machines in its complete state will have no alternative use to Haarslev as Haarslev will incur significant costs to rework the design and function of the specialised machine to direct to another customer. Revenue from sale of specialised manufactured machines is therefore recognised over time on a cost-to-cost method, i.e. based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. An expected loss on the contract is recognized as an expense immediately. The management consider that this input method is an appropriate measure of the progress towards complete satisfaction of these performance obligations.

The Group becomes entitled to invoice customers for sale of specialised manufactured machines based on achieving a series of performance-related milestones, among others the time of delivery and the time of finalising installation. The Group will previously have recognised a contract asset for any work performed "Work In Progress" (WIP) recognised at sales price. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment

exceeds the revenue recognised to date under the cost-to-cost method, then the Group recognises a contract liability for the difference “Prepayment from customers”. There is not considered to be a significant financing component in sale of specialised manufactured machines as the period between the recognition of revenue under the cost-to-cost method and the milestone payment is normally less than one year.

Installation of manufactured machines for specialised business machines

Haarslev can sell manufactured machines for specialised business operations with or without installation.

The delivery of machines and installation are seen as two separate performance obligations – even that the two services can be sold at the same time. This is due to:

- Haarslev identifies two deliverables in the customer contract: (a) machines and (b) installation.
- The promise to transfer machines and service to the customer is separately identifiable.
- The installation service is routinely performed by other providers and does not significantly modify the machines
- Machines are often sold at a fix price whereas the installation is sold on time & material.
- Installation services are recognised as a performance obligation satisfied over time.

Revenue is recognised for these installation services based on the stage of completion of the contract. The management have assessed that the stage of completion determined as the proportion of the total cost expected to install that has elapsed at the end of the reporting period is an appropriate measure of progress towards complete satisfaction of these performance obligations. Payment for installation is not due from the customer until the installation services are complete. Therefore, a contract asset “Work In Progress” (WIP) is recognised (at sales price) over the period in which the installation services are performed representing the entity’s right to consideration for the services performed to date.

Sales-related warranties associated with sale of manufactured goods

Sales-related warranties associated with sale of manufactured goods cannot be purchased separately and they serve as an assurance that the products sold comply with agreed-upon specifications. Accordingly, the Group accounts for warranties in accordance with IAS 37 (refer to note 17).

Sale of standard machines

For **sale of standard machines**, revenue is recognised when control of the goods has transferred, being when the goods have been shipped to the customer’s specific location (delivery). The standard machines have an alternative use for Haarslev and the contract does not preclude Haarslev from directing the completed standard machine to another customer. Standard Machines in progress are recognised as part of inventory until delivery. A receivable is recognised by the Company when the goods are delivered to the customer, as only the passage of time is required before payment is due.

Aftermarkets

Maintenance and spare parts

Maintenance relating to sale of manufactured machines is not included in the transaction price for the sale of manufactured goods. The maintenance service is considered to be a distinct service as it is both regularly supplied by the Company to other customers on a stand-alone basis and is available for customers from other providers in the market. Revenue relating to the maintenance services is recognised at the time of invoicing.

For spare parts, revenue is recognised when control of the spare parts has transferred, being when the spare parts have been shipped to the customer’s specific location (delivery). Delivery occurs when the spare parts

have been shipped to the customer's specific location. A receivable is recognised by the Company when the spare parts are delivered to the customer, as only the passage of time is required before payment is due.

Accounting estimates

Sales of goods In Haarslev's business model, relate to sales of standard equipment and sales of complete solutions or systems (*Sale of specialised manufactured machines*). Standard equipment requires no or minor modifications as requested by customers. Sales of complete solutions or systems (*Sale of specialised manufactured machines*) require significant modifications either requested by the customer or required to fulfil the customer's needs.

The Company uses the **percentage-of-completion method in accounting for its revenues for complete solutions or systems**. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total estimated costs, total estimated revenues, contract risks, including technical, political, and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue.

5. Cost

Accounting policies

Production cost

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, amortization, depreciation, and impairment losses relating to intangible assets and property, plant and equipment included in the production process. Production costs includes ordinary write-down of inventories. Furthermore, provisions for losses on contract work are recognized.

Productions costs also include **research and development** costs that do not qualify for capitalization as well as amortization of capitalized development costs. Costs related to research and development are DKK 5.666k (2022: DKK 7.609k). Research and development comprise direct costs, payroll costs and depreciations and impairments that, directly or indirectly, can be attributed to the Group's development activities. Capitalisation of product development costs will only take place if the criteria are met. Development projects that are clearly defined and identified and where the technical utilisation, sufficient resources and a potential market or development opportunities can be documented, and where the Group intends to manufacture, market or use the product commercially, are recognised under intangible assets. Normally, these criteria are met late in the development phase. Product development costs that meet the criteria for recognition in the balance sheet are measured at cost, incl. indirectly incurred costs. Product development costs that do not meet the criteria for capitalisation in the balance sheet and research costs are recognised in the income statement on an ongoing basis.

Sales and Distribution costs

Distribution costs comprise costs incurred for sale and distribution, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc. as well as amortization, depreciation, and impairment losses relating to intangible assets and property, plant and equipment attached to the distribution process.

Administrative costs

Administrative costs comprise expenses incurred for the administrative functions, including wages and salaries for administrative staff and Management, stationery, and office supplies as well as amortization, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration.

6. Employee benefits

Figures in '000 DKK		
Personnel costs - type	2023	2022
Wages and Salaries	196.644	195.459
Pensions	17.550	15.482
Other personnel costs	8.056	9.832
Total	222.250	220.773

Personnel costs - function		
Production costs	176.582	177.445
Distribution costs	34.137	30.347
Administrative costs	11.531	12.982
Total	222.250	220.773

Average number of employees during the year	330	334
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Salaries and remuneration		
Salaries, Board of Executives	4.867	3.786
Remuneration for the Board of Directors	163	163
Remuneration for the Executive Board and Board of Directors	5.030	3.949

Key management personel		
Wages and Salaries	4.444	3.296
Pensions	210	189
Severance pay	628	1.369
Other personnel costs	213	243
Total remuneration for key management personel	5.495	5.097

Group Management (average 4 persons (2022: 4)) is considered to be key management personnel.

Accounting policies

The employee benefit expenses relate to employees who are employed at Haarslev Industries A/S, both with permanent and temporary contracts.

Wages, salaries, social security contributions, annual leave and sick leave, bonuses and non-monetary benefits are recognised in the year which the associated services are rendered by employee of Haarslev. Where Haarslev provides long-term employee benefits, the costs are accrued to match the rendering of the services by the employee concerned.

7. Net finance cost

Financial income		
Figures in DKK '000	2023	2022
Interest, Group enterprises	26.926	11.286
Interest bank and others	1.213	161
Other financial income	18.103	13.053
Total	46.242	24.500

Financial expenses		
Figures in DKK '000	2023	2022
Interest, Group enterprises	10.747	4.659
Interest bank and others	22.931	8.411
Lease interests	309	331
Other financial expenses	32.614	36.817
Total	66.601	50.218

None of the financial income or expenses relate to fair value measurement.

Accounting policy

Financial income comprises interest income, including interest income on receivables from Group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortization of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses comprise interest expenses, including interest expenses on payables to Group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortization of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Unrealised gain or loss from currency exchange rate are presented in the finance income and expenses.

8. Income tax

Income tax for the year		
Figures in DKK '000	2023	2022
Tax on profit or loss for the year	0	-687
Adjustment of deferred tax for the year	-6.000	0
Other taxes	-1.928	-4.453
Adjustment of tax in respect to previous years	-591	0
Total	-8.520	-5.140

Computation of effective tax rate		
Figures in DKK '000	2023	2022
Caclulated tax for the year	14.579	15.428
Other taxes	-1.928	-4.453
Non taxable income less non-tax deductible expenses (net)	-3.126	-5.791
Result in Group enterprises	9.822	8.768
Not recognized tax asset	-27.867	-19.092
Effective tax rate	-8.520	-5.140

Effective tax rate	13%	-7%
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Accounting policies

The tax expense for the period comprises current and deferred tax. It also includes adjustments to previous years and changes in provisions for uncertain tax positions. Tax is recognised in the income statement except to the extent that it relates to items recognised in equity or other comprehensive income. Provisions for ongoing tax disputes are included as part of deferred tax assets, tax receivables and tax payables.

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognized in the income statement by the portion attributable to the profit for the year and recognized directly in equity by the portion attributable to entries directly in equity.

The Company is jointly taxed with all its other Danish entities in the Group.

The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses). The Company is taxed jointly with Haarslev Group A/S and Haarslev Group Holding A/S in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed entities total known net liability under joint taxation arrangement is disclosed in the administration Company's financial statement.

Other taxes consist of withholding taxes paid in Haarslev Industries A/S. Adjustment of tax related to previous years is related to local adjustments after year-end report.

Accounting estimates

Management judgement regarding recognition of deferred income tax assets and provisions for uncertain tax positions. Haarslev is subject to income taxes around the world. Estimates are required in determining the

worldwide accrual for income taxes, deferred income tax assets and liabilities, and provisions for uncertain tax positions.

Haarslev recognises deferred income tax assets if it is probable that sufficient taxable income will be available in the foreseeable future which usually is within 3-5 years, against which the temporary differences and unused tax losses can be utilised. Management has considered future taxable income and applied its judgement in assessing whether deferred income tax assets should be recognised.

In the course of conducting business globally, tax and transfer pricing disputes with tax authorities may occur. Management judgement is applied to assess the possible outcome of such disputes. The 'most probable outcome' method is applied when making provisions for uncertain tax positions, and Haarslev considers the provisions made to be adequate. However, the actual obligation may deviate and depends on the result of litigation and settlements with the relevant tax authorities.

9. Special items

The amount of special items in 2023 are DKK 0k (2022: DKK 59.524k).

In connection with the Russia-Ukraine conflict sanction rules have been implemented. As a consequence hereof, Haarslev has taken the decision to suspend orders where products sold or customer is sanctioned. Cost related to sanctioned customers are in the annual report recognised as special items in 2022. The amount consist of items which can not be sold to other customers as they are specialized, or additional cost to exit the contract as the customer or products are sanctioned. There has not been such cost in 2023.

10. Intangible assets

Figures in DKK '000	2023				2022			
	Acquired rights	Development projects in progress	Knowhow	Total 2023	Acquired rights	Development projects in progress	Knowhow	Total 2022
Cost as of 01.01.	25.866	6.954	91.806	124.626	16.548	5.307	70.016	91.871
Cost, additions	4.224	0	0	4.224	9.318	1.647	0	10.965
Business combinations	0	0	0	0	0	0	27.414	27.414
Cost, disposal	-1.784	-6.954	0	-8.738	0	0	-5.624	-5.624
Cost as of 31.12.	28.306	0	91.806	120.112	25.866	6.954	91.806	124.626
Amortisation and impairment losses as of 01.01.	-18.018	0	-57.622	-75.640	-15.810	0	-57.420	-73.230
Amortisation and impairment losses, additions	-3.106	0	-5.826	-8.933	-2.208	0	-5.826	-8.034
Amortisation and impairment losses, disposals	209	0	0	209	0	0	5.624	5.624
Amortisation and impairment losses as of 31.12.	-20.916	0	-63.448	-84.364	-18.018	0	-57.622	-75.640
Carrying amount as of 31.12.	7.391	0,000	28.358	35.748	7.848	6.954	34.184	48.986

Depreciation is allocated as below:

	2023	2022
Administration	-3.106	0
Production	0	-5.826
Total amortisation	-3.106	-5.826

Accounting policies

Acquired rights are carried at historical cost less accumulated amortisation and any impairment loss. Amortisation is based on the straight-line method over the estimated useful life. This means the legal duration or the economic useful life depending on which is shorter, and not exceeding 15 years.

Knowhow is recognised as intangible assets if the recognition criteria are met, for example a significant business knowhow where the expenditure leads to the creation of a durable asset. Amortisation is based on the straight-line method over the estimated useful life of 20 years. The amortisation begins when the asset is in the location and condition necessary for it to be capable of operating in the manner intended by Management.

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the carrying amount of intangible assets exceeds the recoverable amount any impairment is measured based on discounted projected cash flows.

11. Property, plant and equipment

2023

Figures in DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total 2023
Cost as of 01.01.	103.689	69.582	21.136	273	194.681
Additions during the year	1.835	791	1.323	15.193	19.142
Disposals during the year	0	-2.070	-56		-2.126
Transferred		2.044		-2.044	0
Cost as of 31.12.	105.524	70.347	22.403	13.422	211.696
Depreciation and impairment losses as of 01.01.	-70.494	-61.498	-8.168	0	-140.160
Depreciations during the year	-231	-2.620	-1.180	0	-4.032
Reversal of depreciation and impairment losses on disposed assets	0	2.070	9	0	2.079
Depreciation and impairment losses as of 31.12.	-70.725	-62.048	-9.339	0	-142.112
Carrying amount as of 31.12.	34.799	8.298	13.064	13.422	69.583

Depreciations are allocated as below:

Administration	0	-1.180	0	-1.180
Production	-231	-2.620	0	-2.851
Total amortisation	-231	-2.620	-1.180	-4.031

2022

Figures in DKK '000	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total 2022
Cost as of 01.01.	102.456	64.312	19.339	0	186.107
Additions during the year				10.165	19.051
Disposals during the year	0	-293	-92	-1.006	-10.277
Transferred	1.434	5.563	1.889	-8.886	0
Cost as of 31.12.	103.890	69.582	21.136	273	194.881
Depreciation and impairment losses as of 01.01.	-70.226	-57.843	-7.021	0	-135.090
Depreciations during the year	-468	-3.948	-1.147	0	-5.563
Reversal of depreciation and impairment losses on disposed assets	0	293	0	0	293
Depreciation and impairment losses as of 31.12.	-70.694	-61.498	-8.168	0	-140.360
Carrying amount as of 31.12.	33.195	8.084	12.968	273	54.520

Depreciations are allocated as below:

Administration		0	-1.147	0	-1.147
Production	-468	-3.948	0	0	-4.416
Total amortisation	-468	-3.948	-1.147	0	-5.563

Depreciation of property, plant and equipment as above are included in the Statement of Income.

For further information for land and buildings and securities, refer to note 26.

Accounting policy

Buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct costs of materials, components, sub-suppliers and labor costs attributable to the construction of the assets. The basis of depreciation is cost less estimated residual value after the end of useful life and the scrap value. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings 25 years

Plant and machinery 3-10 years

Other fixtures and fittings, tools and equipment 3-10 years

Estimated useful lives and residual values are reassessed annually. Buildings, plant and machinery, other fixtures and equipment are written down to the lower of recoverable amount and carrying amount.

Tangible assets not yet available for use are not subject to depreciation.

12. Leases

Figures in DKK '000	Buildings	Equipment	Total 2023	Buildings	Equipment	Total 2022
Cost as of 01.01.	141	11.998	12.139	0	9.258	9.258
Additions during the year		1.464	1.464		1.749	1.749
Business combinations	0		0	141		141
Disposals during the year	0	-1.671	-1.671	0	0	0
Cost as of 31.12.	141	11.790	11.931	141	11.007	11.148
Depreciation and impairment losses as of 01.01.	-11	-7.600	-7.610	0	-4.311	-4.311
Depreciations during the year	-130	-2.393	-2.524	-11	-2.297	-2.308
Reversal of depreciation and impairment losses on disposed assets	0	1.671	1.671	0	0	0
Depreciation and impairment losses as of 31.12.	-141	-8.322	-8.463	-11	-6.608	-6.619
Carrying amount as of 31.12.	0	3.468	3.468	130	4.398	4.528

Depreciation are allocated as below:

Administration	-130	-846	-976	-11	-665	-676
Production		-1.547	-1.547		-1.632	-1.632
Total amortisation	-130	-2.393	-2.523	-11	-2.297	-2.308

Leases illustrated above include equipment and building.

Lease liability is illustrated in separate note long term liability note 24.

Depreciation of right of use assets analysis in the Financial Statement of Income is illustrated above.

Accounting policy

Haarslev mainly leases trucks and vehicles. The right of use asset is presented in equipment and the lease liability in borrowings. For contracts which are, or contain, a lease, the Company recognises a right of use asset and lease liability. The right of use asset is initially measured at cost, which being the initial amount of the lease liability, added related re-establish cost when the lease period is ended. The right of use asset is subsequently depreciated using straight line method over the lease term (period). If there is no end of the lease term defined in the contract it has been estimated.

The right of use asset is periodically adjusted for certain remeasurement of the lease liability and reduced by impairment losses.

New lease contracts with a lease term of 12 months or less and leases of low value assets are not recognised on the balance sheet. These are expensed on a straight-line basis over the lease term. Lease of low value asset include mobile phones and other small items of office equipment.

The lease liability is initially measured at the present value of the lease payments outstanding at the commencement date, discounted using the incremental borrowing rate. The lease liability is measured using effective interest method.

The lease liability is remeasured when there is a change in future lease payments, typically due to a change in index or rate on property leases, or if there is a reassessment of whether an extension or termination option will be exercised. A corresponding adjustment is made to the right of use asset, or the income statement when the right of use asset has been fully depreciated.

13. Investments in associates

The 1 January 2022 Haarslev Industries A/S has acquired the remaining 51% of the associate company, refer to note 15. The entity has through the year 2022 been merged into Haarslev Industries A/S, where Haarslev Industries A/S is the continuing entity.

Figures in DK '000	2023	2022
Cost as of 01.01.	0	22.050
Disposals during the year	0	-22.050
Cost as of 31.12.	0	0
Adjustment to cost 01.01.	0	-6.040
Disposals during the year	0	6.040
Adjustment to cost, ultimo	0	0
Carrying amount as of 31.12.	0	0

Accounting policy

Investments in associates are recognized and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value and minus or plus unrealized pro rata internal profits and losses. Upon distribution of profit or loss, net revaluation of investments in associates is transferred to Reserve for net revaluation according to the equity method under equity.

14. Business combinations

There is no business combination in 2023.

Haarslev acquired the remaining 51% of shares in the associated Company Core A/S on 1 January 2022. The purpose for the acquisition is to further integrate the digital products from Core into the Groups products. The purchase price was DKK 15 mln.

The purchase price is paid via cash (DKK 1 mln), shares in Haarslev Group Holding A/S equity (DKK 24.451 A-shares) (DKK 2.8 mln) and vendor loan (DKK 11.2 mln) on the acquisition date 1 January 2022. Costs related to the acquisition amounts to DKK 152k.

The number of employees in Core A/S is 7 at the time for the acquisition in 2022.

Allocation of acquisition of Core A/S

Knowhow	27.414
Receivable	244
Work in progress	2.529
Leases	141
Inventory	73
Acquired asset	30.401

Payable	-715
Bank	-455
Lease debt	-141
Other payable	-1.676
Acquired debt	-2.987

Acquired net asset	27.414
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Knowhow	27.414
Cash	1.989
Aquisition price	29.403

Cash	991
Shares	2.802
Vendor loan	11.207
Existing shareholding	14.403
Total consideration	29.403

No further business combinations were completed in 2022 or 2023.

Accounting policy

The purchase price for a business comprises the fair values of the assets transferred, liabilities incurred to the former owners including shareholders of the acquired business and the fair value of any asset or liability resulting from a contingent consideration arrangement. Any amount of the purchase price which effectively comprises a settlement of a pre-existing relationship is not part of the exchange for the acquiree and is therefore not included in the consideration for the purpose of applying the acquisition method. Settlements of pre-existing relationships are accounted for as separate transactions in accordance with the relevant IFRS. Identifiable assets and liabilities and contingent liabilities assumed are measured at fair value at the date of acquisition by applying relevant valuation methods. Acquisition-related costs are expensed as incurred. The acquisition of knowhow is depreciated within 15 years.

15. Equity investments in Group enterprises

Figures in DK '000	2023	2022
Cost as of 01.01.	532.214	525.928
Additions during the year	1.567	6.286
Cost as of 31.12.	533.781	532.214
Adjustment to cost 01.01.	-109.154	-88.248
IFRS adjustment previous years	0	24.712
Foreign currency translation adjustment of foreign enterprises	-16.498	16.319
Net profit/loss from equity investments	44.644	39.857
Dividend relating to equity investments	-66.615	-93.461
Investment with negative equity value offset in receivables	-1.561	-8.333
Adjustment to cost, ultimo	-149.184	-109.154
Carrying amount as of 31.12.	384.597	423.060
Hereof non amortized goodwill as of 31.12	112.338	112.338

Subsidiaries	Registered in	Equity interest in percentage
Haarslev Group Holding A/S	Søndersø, Denmark	
* Haarslev Group A/S	Søndersø, Denmark	100
* Haarslev industries A/S	Søndersø, Denmark	100
* Haarslev Inc.	Kansas City, USA	100
Haarslev Industries GmbH	Mannheim, Germany	100
Haarslev GmbH	Krefeld, Germany	100
Stord-Bartz AS	Bryne, Norway	100
Haarslev Industries S.A.C.	Lima, Peru	100
* Haarslev Inversiones Internacionales S.L.U.	Barcelona, Spain	100
Haarslev Industries LTDA	Curitiba, Brazil	100
* Haarslev Industries S.A.U.	Barcelona, Spain	100
Haarslev Industries PTE LTD	Labuan, F.T., Malaysia	100
Haarslev Industries SDN BHD	Selangor Darul Eshan, Malaysia	100
Haarslev Industries L.L.C	Moscow, Russia	100
* Haarslev Xuzhou Machinery Co. Ltd.	Xuzhou City, Jiangsu Province, China	100
* Haarslev Industries Ltd.	Rosedale Auckland, New Zealand	100
Haarslev Industries (India) Pvt Ltd	Mumbai, Maharashtra, India	100
Haarslev PT (India) Pvt Ltd	Mombai, Maharashtra, India	100
Haarslev Industries Poland Sp. z.o.o.	Kielce, Poland	100
Haarslev Industries S.A.S	Lorient, France	100
Haarslev Industries Press Technology GmbH & Co. KG	Wuppertal, Germany	100
Haarslev Industries Remscheid GmbH	Wuppertal, Germany	100
* KMG UK Limited	Skelmersdale, UK	100
Haarslev UK Limited	Skelmersdale, UK	100
Food Processing Equipment UK Limited	Skelmersdale, UK	100
Haarslev Industries PTY Ltd.	Melbourne, Australia	100

* The entity is obligor in the group, which is provided as security for credit institutions.

For further information regarding Group enterprises and obligor placed as security, refer to note 26.

Accounting policy

Investments in Group enterprises are recognized and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortized goodwill and plus or minus unrealized intra-group profits or losses.

Net revaluation of investments in subsidiaries is transferred to "Reserve for net revaluation according to the equity method" under equity.

Upon distribution of profit or loss, net revaluation of investments in Group enterprises is transferred from Reserve for net revaluation according to the equity method under equity to Retained earnings.

If Group enterprises has indications for low value, an impairment test will be prepared on the Group enterprise.

16. Inventories

Figures in DKK '000	2023	2022
Raw materials and consumables	40.364	91.817
Product in progress	41.603	36.487
Manufactured goods and goods for resale	51.564	64.019
Total inventories	133.531	192.324
Write down beginning of the year	-7.430	-10.216
Write down/reversal during the year, net	-4.803	2.786
Write down at the end of the year	-12.233	-7.430

In 2023 the write-down of inventories to net-realizable value amounted to DKK 12.2 mln (2022: DKK 7.4 mln).

The write-downs recognized following a recoverability analysis are included in cost of sales. Through 2023, items in the inventory have been scrapped. Scrapping from 2022 has continued into 2023. In 2023 there has been additional write down on old inventory items in the inventory, and an update of calculation for this, to reduce future write downs on useless items.

Cost of change of inventory which are included in the income statement as production costs are DKK 476.753k (2022: DKK 506.064k).

Accounting policy

Inventories are measured at the lower cost using the FIFO method or net realizable value if this is lower. Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labor costs and indirect production costs.

Indirect production costs comprise indirect materials and labor costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost. The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

If the expected sales price less completion costs to execute sales (net realizable value) is lower than the carrying amount, a write-down is recognized for the amount by which the carrying amount exceeds its net realizable value.

Accounting estimates

Indirect production costs are measured using a standard cost method. This is reviewed regularly to ensure relevant measures of capacity utilisation, production lead time, cost base and other relevant factors, hence inventory is valued at actual cost. When calculating total inventory, Management must make judgements about cost of production, standard cost variances and idle capacity in estimating indirect production costs for capitalisation. Changes in the parameters for calculation of indirect production costs could have an impact on the gross margin and the overall valuation of inventories.

17. Work in progress for third parties

Figures in DKK '000	2023	2022
Work in progress for third parties	1.329.679	1.017.245
On-account invoicing	-1.259.781	-1.099.220
Work in progress for third parties	69.898	-16.172
Work in progress for third parties (contract assets)	101.676	59.683
Work in progress for third parties (contract liabilities)	-31.778	-141.658
Total	69.898	-16.172

Sales value of contracts	1.715.815	1.625.774
Value of performance obligation already recognised	1.329.679	1.083.048
Value of performance obligations will be recognised within 12 months	296.573	432.755
Value of performance obligations will be recognised after 12 months	89.563	109.971
Write down on projects	68.260	72.179

Work in progress for third parties (contract liabilities) consist of projects where on account invoicing/payment from customer exceeds the work in progress (contracts assets).

Accounting policies

The Company becomes entitled to invoice customers for sale of specialised manufactured machines based on achieving a series of performance-related milestones, among others the time of delivery and the time of finalising installation. The Company will previously have recognised a contract asset for any work performed "Work In Progress" (WIP) recognised at sales price. Any amount previously recognised as a contract asset is reclassified to trade receivables at the point at which it is invoiced to the customer. If the milestone payment exceeds the revenue recognised to date under the cost-to-cost method then the Company recognises a contract liability for the difference "Prepayment from customers".

Accounting estimates

"Work In Progress" (WIP) recognised at sales price The Company uses the **percentage-of-completion method in accounting for its revenues for complete solutions or systems**. The percentage-of-completion method places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total estimated costs, total estimated revenues, contract risks, including technical, political and regulatory risks, and other judgments. Under the percentage-of-completion method, changes in estimates may lead to an increase or decrease of revenue. In addition, Haarslev needs to assess whether the contract is expected to continue or to be terminated. In determining whether the continuation or termination of a contract is expected to be the most likely scenario, all relevant facts and circumstances relating to the contract are considered on an individual basis.

The Company has a significant loss making contract there has been written down in 2022 and not yet been closed in 2023 and the write down end of 2023 is DKK 9,7 mln. (2022: DKK 12,6 mln). Furthermore, the impact of special items in the financial year end report from work in progress in the income statement is DKK 0 mln. (2022: 59.5 mln).

Contingency provision		
Figures in DKK '000	2023	2022
Beginning of the year	53.979	29.359
Addition	13.322	145.641
Spend	-18.257	-61.497
End of the year	49.044	53.979

Write down of work in progress includes provisions from large projects started in 2023, in 2022 Russian customer/projects had a high impact on the numbers. The company provide contingency provision for each project. There is through the progress of the project provided for contingency for each project with a percentage of the progressed value.

18. Trade receivables

Figures in DKK '000	2023	2022
Not Due	32.193	56.322
OverDue days <30	2.822	5.612
OverDue days (>30 & <60)	2.867	6.112
OverDue days (>60 & <90)	2.086	1.935
OverDue days (>90 & <180)	594	74
OverDue days >180	865	490
Provisioned for loss	-1.913	-7.015
Trade receivable as of 31.12.	39.514	63.530

Changes in trade receivable

Figures in DKK '000	2023	2022
Carrying amount beginning of the year	-7.015	-4.078
Impairment	-1.118	-6.220
Reversal of allowance on realised losses	6.220	3.283
Total provision for loss end of the year	-1.913	-7.015

Through 2023, a number of overdue receivable have been settled, which impacts the high reversal amount in 2023. Furthermore, two specific debtors have impacted the level in impairment in 2022.

Accounting policy

Receivables are measured at amortized cost, usually equalling transaction price less write downs (allowance) for doubtful receivables.

General invoices are due for payment after 30 days from shipment of goods, down payments for projects after 7 days. Loss allowance is based on expected credit losses. Loss for disputes is recognized against revenue, loss for doubtful receivables is recognized in distribution cost in Statement of comprehensive income.

Accounting estimates

Management makes allowance for doubtful trade receivables based on the simplified approach, which means that lifetime expected losses are provided for. The allowance is an estimate based on shared credit risk characteristics and the days past due.

For trade receivables with objective evidence of impairment, expected credit losses are based on individual assessment and amounts to DKK 1.723k at 31 December 2023 (2022: DKK 6.662k). Objective evidence is mainly related to disputes.

For trade receivables with no objective evidence of impairment, Haarslev provides 0,5% of the total trade receivable amount overdue. The 0,5% is based on historical evidence from the past 4 years with very limited losses related to credit risk. Provision for doubtful receivables with no objective evidence of impairment at 31 December 2023 is DKK 190k (2022: DKK 353k).

19. Receivable from Group enterprises and other receivable

Receivables from group enterprises

Figures in DKK '000	Receivables from Group enterprises	Other receivables	Total 2023	Receivables from Group enterprises	Other receivables	Total 2022
Cost as of 01.01.	402.680	1.270	403.950	401.616	1.330	402.946
Additions during the year	41.489	9	41.498	9.397	72	9.469
Disposals during the year		-105	-105		-133	-8.466
Transfers during the year to/from other items	-1.561	0	-1.561	-8.333	0	0
Cost as of 31.12.	442.608	1.174	443.782	402.680	1.270	403.950
Impairment losses as of 01.01.	0	0	0	-7.427	0	-7.427
Impairment losses reversals during the year	0	0	0	7.427	0	7.427
Impairment losses as of 31.12.	0	0	0	0	0	0
Carrying amount as of 31.12.	442.608	1.174	443.782	402.680	1.270	403.950

Other receivables are deposit paid for leased buildings.

Receivable from Group enterprises are deducted with the negative equity value of an investment in Group enterprises with total to DKK 1.6 mln. (2022: 8.5 mln.).

Accounting policy

Trade and short term Receivables are measured at amortized cost, usually equalling nominal value less write downs for bad and doubtful debts.

Other Receivables are measured at amortized cost, usually equalling nominal value less write downs for bad and doubtful debts.

20. Deferred tax

Deferred income taxes are calculated in full on temporary differences under the liability method.

The gross movements on the deferred income tax account are as follows:

Figures in DKK '000	2023	2022
Deferred tax liability	-3.254	0
Deferred tax asset	0	2.746
Total	-3.254	2.746

Deferred tax comprises

Figures in DKK '000	2023	2022
Intangible assets	409	104
Property, plant, and equipment	5.563	8.725
Receivables	-42.545	-36.838
Liabilities	25.208	21.551
Tax losses	8.112	9.204
Total	-3.254	2.746

Changes during the year	2023	2022
Beginning of the year	2.746	2.746
Recognised in the income statement	-6.000	0
End of year	-3.254	2.746

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred income taxes relate to the same fiscal authority.

Deferred income taxes recognized in the Statement of Financial Position are as above.

Deferred tax not recognised in balance sheet are DKK 24.017k (2022: DKK 18.017k).

Accounting policy

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset. Deferred tax assets, including tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as a tax asset.

Recognition of tax asset related to loss carried forward is based on expectation for use within 3-5 years.

21. Equity

Share

Figures in DKK '000	2023	2022
The share capital consists of: Contributed capital consist of 500 shares of a value of DKK 1.000. The shares have not have been divided into categories and no shares carry any special rights.	500	500

Capital

There has been no changes in share capital over the last 5 years.

Dividend

In 2022 a dividend of DKK 30 mln. was proposed, which was paid in 2023. Dividend proposed in 2023 is DKK 40 mln.

Group Contribution

Group contribution DKK 38,0 mln. in 2023 relates to a debt forgiveness provided by the parent company for group internal debt.

Group contribution in 2022 DKK 2,8 mln relates to a transfer of shares issued in Haarslev Group Holding A/S.

Accounting policy

Group contribution of assets is recognized in equity in the section transactions with shareholders at fair market value of the contributed asset.

22. Other provisions

Figures in DKK '000	2023	2022
Provision as of 01.01	17.088	14.461
Provision addition through the year	-41.157	63.115
Provision release in the year	1.754	-60.489
Provision as of 31.12	45.945	17.088

All provisions are classified as short term provisions and are expected to be utilized with a period of 12 months. The warranty commitment percentage for capital sales projects have in 2022 and 2023 been increased for all new projects. Furthermore, a specific warranty provision has been provided for DKK 18 mln for a few specific projects during 2023.

Accounting policy

The Group currently makes provisions for warranty commitments relating to both projects in progress and completed projects. The provisions for warranty commitments are calculated as an estimated percentage of revenue on a project-by-project basis.

Other provisions comprise anticipated costs of non-recourses guarantee commitments, loss on contract work in progress, etc.

Once it is possible that the total costs will exceed total from a contract in progress, provisions are made for the total loss estimated to result from the relevant contract.

23. Borrowings and lease liabilities long term

Loan in balance sheet fall due as illustrated below:

2023

Figures in DKK '000	Short term payables	Fall due between 1 and 5 years	Fall due more than 5 years	Total long term payables at 31.12.2023	Interest
Payables to other credit institutions	-2.001	0		0	EURIBOR +3,25%-5,5%
Other payables	783	13.502	18.911	32.413	2,1%-3,5%
Subordinated loan from Group enterprises		121.447		121.447	EURIBOR +2%
Leases	1.720	2.549		2.549	3%-8%
Total	502	137.498	18.911	156.409	

2022

Figures in DKK '000	Short term payables	Fall due between 1 and 5 years	Fall due more than 5 years	Total long term payables at 31.12.2022	Interest
Payables to other credit institutions		3.152		3.152	EURIBOR +3,25%-5,5%
Other payables	782	13.524	18.254	31.778	2,1%-3,5%
Subordinated loan from Group enterprises		114.541		114.541	EURIBOR +2%
Leases	2.502	3.019		3.019	3%-8%
Total	3.284	134.237	18.254	152.490	

According to the bank agreement, interest to payable for other credit institutions is variable depending on the leverage. The interest is EURIBOR + margin from 3.25% to 5,5%. As of 31. December 2023 the interest was EURIBOR +5%.

Payable for other credit institutions will fall due 30. June 2025. Management will in 2024 and 2025 negotiate new financial debt to financial institutions and shareholder.

Loan from shareholder is a subordinated loan and rank after the Company's other financial liabilities. Repayment shall be made on the lenders first written demand with respect for credit institutions approval. Interest will first be paid after credit institutions approval.

Changes in interest bearing debt are illustrated below:

Figures in DKK '000	Payables to other credit institutions	Other payable	Subordinated loan from Group enterprises	Leases	Total
Beginning of the year	300.795	31.778	114.541	3.019	449.363
Addition	753	852		1.795	3.400
Paid	-32.999	-999		-2.574	-36.572
Non cash transactions	14.001	782	6.906	309	21.998
End of the year	282.550	32.413	121.447	2.549	438.189

2022					
Figures in DKK '000	Payables to other credit institutions	Other payable	Subordinated loan from Group		Total
			enterprises	Leases	
Beginning of the year	280.014	19.194	110.051	4.377	413.636
Addition	38.621	12.132		3.107	53.860
Paid	-26.240	-351		-4.797	-31.388
Non cash transactions	8.400	803	4.490	331	14.025
End of the year	300.795	31.778	114.541	3.019	449.363

Haarslev has four main funding facilities:

- Credit facility with banks.
- Other payable, frozen holiday for employees.
- Leases
- Subordinated loan from Group companies (Loan from shareholder Altor)

Loan from shareholder

Haarslev Group Holding has a loan of 121 million DKK (denominated in euro) from Shareholder Altor. This loan is granted from Shareholder Altor to Haarslev Group Holding A/S, and through Haarslev Group A/S to Haarslev Industries A/S. Loan from shareholder is a subordinated loan and rank after the Company's other financial liabilities. Repayment shall be made on the lenders first written demand with respect for credit institutions approval. Interest will first be paid after credit institutions approval. Payable for credit institutions will hereafter fall due 30 June 2025.

Accounting policy

Long term debt comprises debt in bank or credit institutions, which have a maturity date more than 12 months from year end 2023.

Loans from credit institutions and subordinated loan are recognized initially at fair values. Subsequently, the financial obligations are measured at amortized cost equal to the capitalized value using the effective interest method; the difference between the proceeds and the nominal value is recognized in financial income and expenses in the income statement over the loan period. Other debts, comprising trade payable, payables to subsidiaries and associates, VAT, excise duties, etc. as well as other payable, are measured at amortized cost, substantially corresponding to the nominal debt.

24. Financial instruments and risk

Financial risk factors

This note presents information about the Company's exposure to each of the below mentioned risks, the Company's objectives, policies and processes for measuring and managing the risk. Further quantitative disclosures are included throughout the Financial Statements.

Fair value measurement

None of the financial instruments are measured at fair value but amortized costs, and there are no material differences from the carrying amount to the fair value.

Liquidity risk

Refer to note long term debt for specification for long term Debt fall due longer than 1 year. All short term liabilities must be repaid within 1 year.

The total net financial liability is expected to be financed by the positive cashflow from operating activities as well as unused lines of credit. Further part of the short term of the financial liabilities, is not expected to fall due for payment.

2023

Figures in DKK '000	Repayment first year	Fall due between 1 and 5 years	Fall due more than 5 years	Total long term payables at 31.12.2023
Payables to other credit institutions		0		0
Other interest bearing payable	783	13.502	18.911	32.413
Subordinated loan from Group enterprises	6.906	128.353		128.353
Leases	1.720	2.549		2.549
Trade payable	96.281			
Payable from Group enterprises	519.974			
Other payable	37.623			
Work in progress for third parties (contract liability)*	31.778			
Prepayment received from customers *	64.640			
Payable to associates	0			
Income taxes	3.191			
Total payable	762.896	144.404	18.911	163.315
Trade receivables	-39.514			
Other receivables	-813			
Receivable from Group enterprises	-562.475			
Prepayments	-18.651			
Work in progress for third parties (contract assets)	-101.676			
Total receivable	-723.129			
Total	39.767	144.404	18.911	163.315

*The payment of Work in progress for third parties (contract liability) and Prepayments received from customers will occur as a part of the work on projects coming year. Payments from customers on new Order Intake will as well contribute to the cash flow. Combined with the other capital resources the liquidity situation in the coming year is sufficient. Management will in 2024 and 2025 negotiate new financial debt to financial institutions and shareholder.

2022

Figures in DKK '000	Repayment first year	Fall due between 1 and 5 years	Fall due more than 5 years	Total long term payables at 31.12.2022
Payables to other credit institutions		3.152		3.152
Other interest bearing payable	782	13.524	18.254	31.778
Subordinated loan from Group enterprises	4.490	119.031		119.031
Leases	2.502	3.019		3.019
Trade payable	175.885			
Payable from Group enterprises	470.221			
Other payable	47.895			
Work in progress for third parties (contract liability)*	141.658			
Prepayment received from customers *	13.634			
Payable to associates	0			
Income taxes	3.350			
Total payable	860.416	138.726	18.254	156.980
Trade receivables	-63.530			
Other receivables	-34.188			
Receivable from Group enterprises	-492.537			
Prepayments	-29.604			
Work in progress for third parties (contract assets)	-125.486			
Total receivable	-745.345			
Total	115.071	138.726	18.254	156.980

*The payment of Work in progress for third parties (contract liability) and Prepayments received from customers will occur via the work on projects coming year. Payments from customers on new Order Intake will as well contribute to the cash flow. Combined with the other capital resources the liquidity situation in the coming year is sufficient.

Risk management framework

The main financial risks faced by Haarslev relate to market risk and liquidity risk. Risk management is carried out by Group finance under policies and with instruments approved by the Board of Directors. Group Finance identifies, evaluates financial risks in close cooperation with the Company's operating units. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Refer to (1) foreign exchange risk below.

Market risk

Market risk is the risk that changes in market prices will affect the Company's income or the value of its holdings of financial instruments. Market risk comprises (1) foreign exchange risk, (2) interest rate risk and (3) credit risk. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. When contracts are won, components as steel with high risk are bought to minimize the total risk. Sales contracts are made in EUR when possible.

(1) Foreign exchange risk

The Company operates internationally and is exposed to currency risk arising from mainly the USD, EUR, DKK and BRL, primarily with respect to the DKK, as the DKK is the Company's reporting currency. The Company monitors foreign exchange risk arising from commercial transactions, recognized assets and liabilities (transaction risk) that are determined in a currency other than the entity's functional currency.

Exposure on exchange rate is not managed through any hedging instruments, however, controlled by keeping contracts mainly in currency EUR and DKK with related project cost in same currency.

Company Loans are also done in EUR. The EUR/DKK exchange rate is not considered a currency exposure due to the Danish fixed rate policy.

The Company owns several subsidiaries that are exposed to their local currency fluctuations towards DKK. These are however adjusted as part of comprehensive income and not considered here. (Impact on subsidiary currency exposure booked as comprehensive income was DKK -16 mln in 2023 compared to DKK +16 mln in 2022).

The main currency exposure is driven by the US Dollar. Exposure in 2023 was related to a balance of DKK -95 mln. Assuming a currency increase of 10% exposure can be calculated as DKK -9.5 mln. Compared to 2022 where the balance was DKK -37 mln with an exposure of DKK -3,7 mln.

(2) Interest rate risk

The Company is exposed mainly to floating interest rate risk on borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. For every 1% change in floating interest rate the impact in the Equity and result with the amount of DKK 2.8 mln (2022: DKK 3.1 mln).

The interest rate risk is monitored on a regular basis, including considerations whether financial instruments should be implemented as risk mitigation.

(3) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty fails to meet its contractual obligations. Credit risk arises from cash and cash equivalents, and deposits with banks and financial institutions, as well as credit exposures to customers and other group entities, including outstanding receivables and committed transactions. The credit quality of the customer is assessed, considering its financial position, past experience and other factors. Each customer has a set credit limit and the utilization of the credit limit is regularly monitored.

The Company has no significant concentrations of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history. The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. No significant credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by its customers.

The Company does not expect any impairment on cash and cash equivalents as the Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

Capital management

The Board of Directors' policy is to maintain a strong capital base in order to maintain investor, creditor and market confidence and to sustain future development of the business.

The Board monitors the Group's leverage, defined as net debt divided by EBITDA. The Board also monitors the level of dividends to ordinary shareholders.

The Board seeks to maintain a balance between the higher returns on equity that might be possible with higher levels of borrowings and the advantages and security of a sound capital position. The Group uses the leverage ratio in its approach to capital management.

25. Contingent liabilities

Haarslev is involved in disputes and claims with customers and employees in certain regions. The outcome of ongoing disputes and claims is not expected to have significant impact on the financial position.

As part of the Company's ordinary activities, the Groups bank and insurance Company have issued guarantees for contracting projects totaling DKK 67,307k (2022: DKK 89,861k).

The Company is taxed jointly with Haarslev Group A/S and Haarslev Group Holding A/S and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The total known tax liability for the jointly taxed entities total known net liability under joint taxation arrangement is disclosed in the administration Company's financial statement.

26. Securities

Haarslev Industries's shares in 6 material subsidiaries with a carrying amount of DKK 423.061k (2022: DKK 437.681k) have been provided as security to credit institutions, as of 31 December 2022, amount to net DKK 718.015k (2022: DKK 693.830).

6 material Group enterprises have guaranteed for the engagement with credit institutions with a carrying amount of DKK 630.905k (2022: DKK 718.015k).

A mortgage deed to the mortgagor of DKK 30.500k (2022: DKK 30.500k) and a letter of indemnity of DKK 4.500k (2022: DKK 4.500k) secured on land and buildings with a carrying amount of DKK 34.799k (2022: DKK 33.195k) at 31 December 2023 have been provided as security for credit institutions in the Group enterprises amounting net to DKK 630.905k (2022: DKK 693.830k) as of 31 December 2023.

The Company has found joint an unlimited surety for the Groups cash pool with credit institutions with a net debt of DKK 154.276k (2022: DKK 194.838k).

27. Related parties

Transactions with subsidiaries are included in the Financial Statements in accordance with the accounting policies applied. Related parties with significant influence comprise the executive board and board of directors, refer to note 6 for remuneration of board of directors and executive board.

Related parties comprise Group enterprise regarding received dividend in 2023.

Below mentions shareholder exercise control.

Controlling influence:	Basis of influence
Altor Fund III GP Limited, Seaton Place 11-15 JH4 OQH St Helier Jersey	Ultimative shareholder
Haarslev Holding S.A.R.L., 9A Rue Gabriel Lippmann, L-5365 Munsbech, Luxembourg	Shareholder
Haarslev Group Holding A/S, Bogensevej 85, Haarslev, 5471 Søndersø	Shareholder
Haarslev Group A/S, Bogensevej 85, Haarslev, 5471 Søndersø	Shareholder

The company is included in the consolidated financial statements of the parent Haarslev Group Holding A/S, Bogensevej 85, Haarslev, 5471 Søndersø.

Transactions with related parties		
Figures in DKK '000	2023	2022
Total receivable from related parties	562.475	492.537
Total payable to related parties	641.421	584.762
Revenue	256.111	156.490
Financial expenses	16.179	6.627
Administrative cost	-9.653	-13.607
Dividend proposed	40.000	30.000
Debt forgiveness	38.028	2.802

28. Cashflow statement

Adjustments for cash flow statement

Figures in DKK '000	2023	2022
Depreciation, amortisation, impairment losses and write-downs	15.488	15.906
Result from equity investments in Group enterprises	-44.644	-39.857
Non cash transactions	22.781	14.025
Financial income	-46.242	-24.500
Financial expenses	66.601	50.218
Income tax for the year	2.520	5.140
Total	16.502	20.932

The statement of cash flows shows the Company's cash flows for the year distributed on operating, investing, and financing activities, net changes for the year in cash and cash equivalents at the beginning and end of the year. Positive amounts indicate inflows, whereas negative amounts indicate outflows.

Cash flows from operating activities

Cash flows from operating activities are stated as the profit/loss for the year adjusted for non-cash operating items such as depreciation, profit/loss from the sale of vessels, etc., changes in working capital plus or minus corporation tax paid or received. Working capital includes current assets less current liabilities, excluding the items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from the acquisition and sale of non-current assets, business combinations and cash flow from transactions with Group enterprises.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of loan, instalments on lease liabilities as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents are measured in the balance sheet at nominal value and mainly consist of demand deposits, cash balance and money market investments.



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