



HAARSLEV™

Processing Technology



Annual report for 2023

Haarslev Group Holding A/S

Bogensevej 85, 5471 Soendersoe

CVR.no. 33 96 93 76

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 Group Holding A/S
c/o Haarslev Industries A/S
Bogensevej 85
5471 Soendersoe
Website: www.haarslev.com
E-mail: DK-info@haarslev.com
Registered office: Nordfyns Kommune
CVR no.: 33 96 93 76
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

Jørn Mørkeberg Nielsen, Chairman
Paal Kristian Weberg
David Hess
Lisa Åberg
Kurt Andersen, Employee representative
Tine Drud Vester Palle, Employee representative
Yasemin Merethe Celkan Phoenix, Employee representative

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

The Board of Directors and the Executive Board have today considered and approved the annual report of Haarslev Group Holding A/S for the financial year 01.01.2023 - 31.12.2023.

The consolidated financial statements and the parent financial statements are prepared in accordance with International Financial Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position on 31.12.2023 and of the results of their operations and the Group's cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for approval at the Annual General Meeting.

Soendersoe, 12 June, 2024

Executive Board

Kim Kirk Christensen
CEO

Henrik Kofoed Petersen
CFO

Anders Erik Ola Svehag
COO

Henning Haugaard
CCO

Board of directors

Jørn Mørkeberg Nielsen
Chairman

Paal Kristian Weberg

David Hess

Lisa Åberg

Employee representative

Kurt Andersen

Tine Drud Vester Palle

Yasemin Merethe Celkan Phoenix

Independent auditor's report

To the shareholders of Haarslev Group Holding A/S

We have audited the consolidated financial statements and the parent financial statements of for the financial year 01.01.2023 – 31.12.2023, 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, for the Group as well as the Parent. The consolidated financial statements are prepared in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act, and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements give a true and fair view of the Group's financial position at 31.12.2023, and of the results of its operations and cash flows for the financial year 01.01.2023 – 31.12.2023 in accordance with IFRS Accounting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

Furthermore, in our opinion, the parent financial statements give a true and fair view of the Parent's financial position at 31.12.2023, and of the results of its operations for the financial year 01.01.2023 – 31.12.2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the

parent 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated 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 as well as the preparation of parent financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and these parent 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent'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 consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent'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 consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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	m ² 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

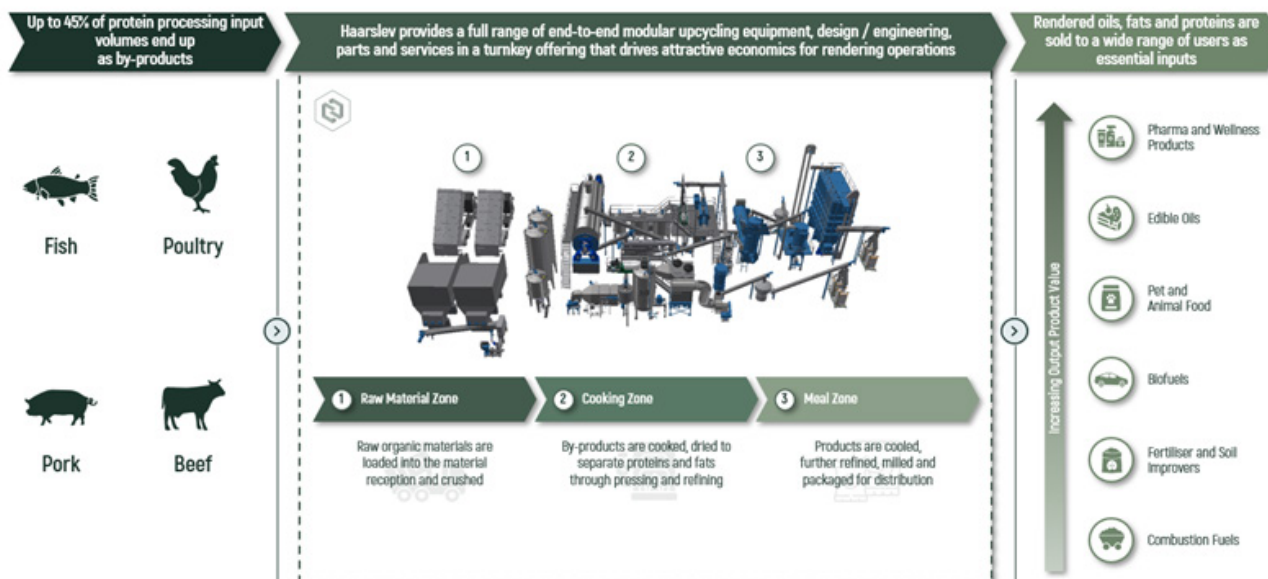
Haarslev Group Holding A/S serves as a holding company. Haarslev is a global provider of process solutions and equipment for the drying, dehydrating, and processing of fish-based and animal by-

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.

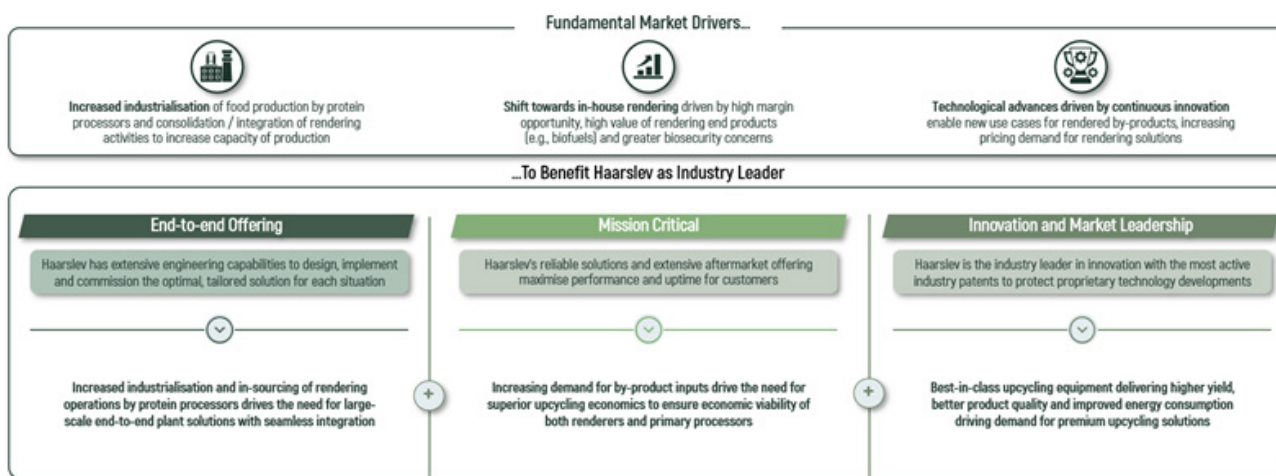


Leading Processing Supplier

Haarslev designs, manufactures, and services market-leading equipment, control systems and spare parts and services solutions for the Pork, Poultry & Beef, 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 (15-25 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.

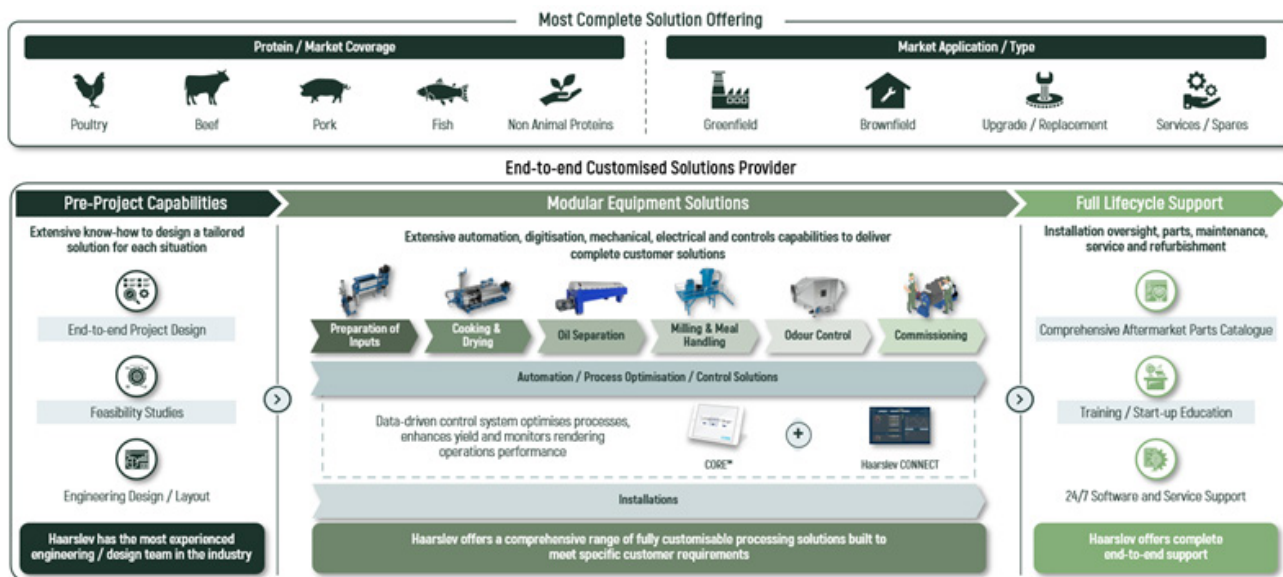
Key Application Segments

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 Processing 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.



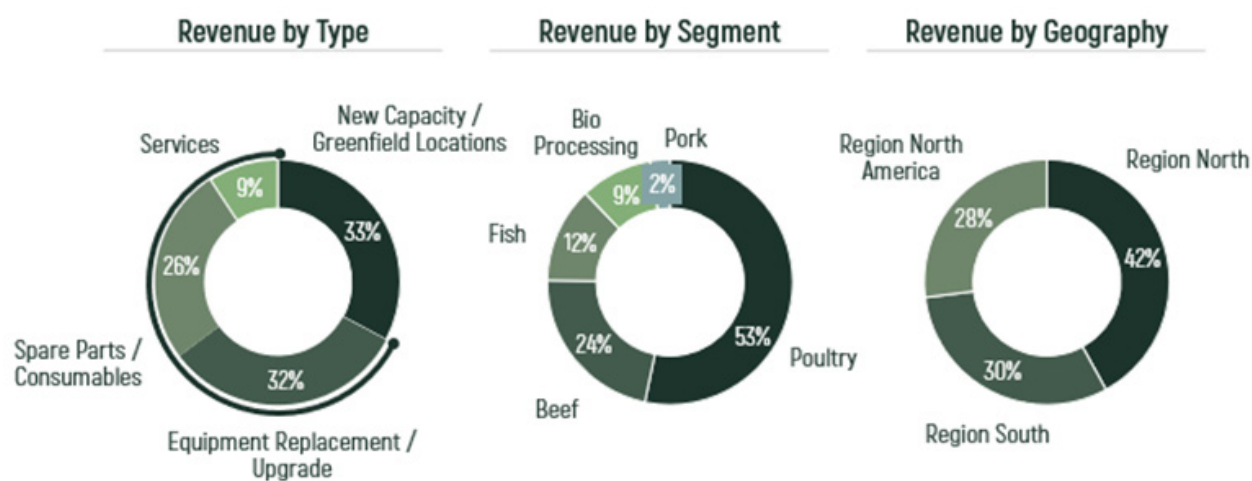
Global Sales and Service (Aftermarket) Network

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 strategic 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

Revenue in the Group decreased by 3.7% to DKK 1,576,438k (2022: DKK 1,636,500k). Gross profit increased by 35% to DKK 406,424k (26% margin) (2022 DKK 301,239k, 18% margin). Comparing actual performance in 2023 to the Outlook for 2023 presented in the 2022 Annual Report, revenue decreased slightly. 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 planned for 2024, and deselection of certain lower-margin projects, given a heightened price discipline.

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

The normalized EBITDA (excluding special and exceptional items) has increased by DKK 75,148 or 60% compared to 2022. Normalized EBITDA include normal business without special items and exceptions which are not included in the normal business. This increase is driven by improved pricing practices, better cost pass-through mechanisms, and enhanced project execution, including several supply chain efficiencies.

Below is a specification of the development in EBITDA in Haarslev Group from 2022 to 2023

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

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 and is included in administrative cost in the income statement.

The Group's income statement for 2023 shows a loss after tax of DKK 308k (2022: loss after tax of DKK 107,127k).

The Group's balance sheet as of 31 December 2023 shows equity of DKK 171,796k (2022: DKK 181,456k) and total assets of DKK 1,693,238k (2022: DKK 1,894,772k).

Capital Resources and Funding

Total cash flow was negative by 5,289k (2022: negative by DKK 23,773K). Cash flow from operating activities was positive by DKK 95,297 (2022: positive by DKK 25,582k).

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)	22	Medium
Inventory (and thereby production costs)	21	Medium
Goodwill	15	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 centres 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 881 (of which 379 are in Denmark), compared to 907 in 2022 (of which 377 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% to 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)*

Haarslev has published its annual ESG (Environmental, Social, Governance) report. This report is available at www.haarslev.com and has been made in accordance with the "Responsible Investment and Ownership Policy" outlined by Altor. The report includes specific measurements and actions for each of the 3 areas outlined in the ESG report. The report also contains specific SDG (Sustainable Development Goals) that Haarslev will actively work on. Haarslev continues releasing annual ESG reports and expects the ESG report for 2024 to be released in April 2025.

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 nominal shares, while 20% of the Group's nominal 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 Industries 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 Industries 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 Industries 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 Industries A/S. Member of the Board of SATS ASA, Avanza Bank, Swegon and Caljan A/S.

Yasemin Merethe Celkan Phoenix (employee representative)

Elected by employees. Member of the Board of Directors since 2019.

Member of the Board of NSales.

Tine Drud Vester Palle (employee representative)

Elected by employees. Member of the Board of Directors since 2023.

Kurt Andersen (employee representative)

Elected by employees. Member of the Board of Directors since 2022.

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. No dividend is proposed for 2023.

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 1,550m – 1,650m, EBITDA before exceptional items of DKK 250-300m and a profit for the year of DKK 90-110m compared to EBITDA of DKK 200m and a loss of DKK 308k in 2023.

Financial highlights

Figures in DKK '000	IFRS 2023	IFRS 2022	IFRS 2021	IFRS 2020	DK GAAP 2019
Profit/loss					
Revenue	1.576.438	1.636.500	1.430.045	1.359.466	1.509.728
Gross profit	406.424	301.239	307.880	263.054	311.041
Profit/loss before net financials, tax, discontinuing activities and special items	136.229	17.489	90.180	42.295	-33.963
Total net financials	-66.366	-59.163	-50.801	-44.315	-50.934
Special items	-35.993	-60.355			
Discontinued activities	0	0	0	-45.120	-44.960
Profit/loss for the year	-308	-107.127	14.067	-68.090	-172.453
Total comprehensive income	-16.798	-90.809	36.068	-79.902	
Balance					
Total assets	1.693.238	1.894.772	1.768.285	1.632.634	1.726.797
Investments during the year in property, plant and equipment	11.061	14.580	19.139	32.255	9.338
Equity	171.796	181.456	269.463	233.298	313.200
Cashflow					
Net cash flow:					
Operating activities	95.297	25.582	100.986	-100.289	-52.769
Investing activities	-14.087	-30.855	-12.251	-30.639	-10.039
Financial activities	-86.499	-18.500	-33.142	145.078	42.130
Cash flow for the year	-5.289	-23.773	55.593	14.150	-20.678
Ratios Profitability					
Return on equity	0%	-47%	6%	-25%	-34%
Gross Margin	26%	18%	22%	19%	21%
Profit margin	9%	1%	6%	3%	-2%
Equity ratio					
Equity ratio	10%	10%	15%	14%	18%
Equity and subordinated loan ratio	17%	16%	21%	21%	25%
Others					
Numbers of employees (average)	888	907	912	975	1.011
Return of equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$				
Gross margin:	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$				
Profit margin:	$\frac{\text{Profit/loss before net financials} \times 100}{\text{Revenue}}$				
Equity ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$				
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).

Statement of comprehensive income

Note	Figures in DKK '000	Group		Parent	
		2023	2022	2023	2022
6	Revenue	1.576.438	1.636.500		
7	Production costs	-1.170.014	-1.335.260		
	Gross profit	406.424	301.239		
	Other income	0	42		
7	Distribution costs	-120.224	-127.990		
7	Administration costs	-149.971	-155.802	-705	-925
	Profit/loss before net financials, before special items	136.229	17.489	-705	-925
12	Special items	-35.993	-60.355		
	Profit/loss before net financials, after special items	100.236	-42.866	-705	-925
20	Result from equity investments in Group enterprises			561	-106.077
10	Financial income	13.509	3.087	8.110	4.179
10	Financial expenses	-79.876	-62.251	-8.274	-4.304
	Profit/loss before tax	33.870	-102.029	-308	-107.127
11	Tax on profit or loss for the year	-34.178	-5.098	0	0
13	Profit/loss for the year	-308	-107.127	-308	-107.127
	Other comprehensive income				
	Exchange rate adjustments of investments in Group enterprises	-16.490	16.318	-16.490	16.318
	Other comprehensive income, net of tax	-16.490	16.318	-16.490	16.318
	Total comprehensive income	-16.798	-90.809	-16.798	-90.809

Balance sheet 31 December

Note	Figures in DKK '000	Group		Parent	
		2023	2022	2023	2022
	Development project in progress	12.892	11.937		
	Acquired rights	0	705		
	Knowhow	34.522	36.925		
15	Goodwill	801.466	801.940		
14	Total intangible assets	848.880	851.507		
	Land and buildings	84.308	85.071		
17	Leased assets	36.718	47.136		
	Plant and machinery	17.591	20.803		
	Other fixtures and fittings, tools and equipment	24.236	26.285		
	Property, plant and equipment under construction	2.783	395		
16	Total property, plant and equipment	165.637	179.690		
20	Equity investments in Group enterprises			171.669	180.461
	Subordinated receivables group companies			121.447	114.541
24	Other receivables	2.655	4.271		
25	Deferred tax asset	33.590	42.907	462	462
	Total investments	36.246	47.178	293.578	295.464
	Total non-current assets	1.050.762	1.078.375	293.578	295.464
	Raw materials and consumables	84.184	129.766		
	Product in progress	94.665	111.613		
	Manufactured goods and goods for resale	127.345	136.749		
21	Total inventories	306.195	378.128		
22	Work in progress for third parties	26.660	22.750		
23	Trade receivables	175.267	259.835		
	Receivables from group enterprises				874
	Income tax receivable	4.863	10.267		0
	Prepayments	-0	45.398		
	Other receivables	64.121	29.359		375
	Total receivables	270.911	367.609	-	1.249
	Cash	65.370	70.659	455	15
	Total current assets	642.475	816.396	455	1.264
	Total assets	1.693.238	1.894.772	294.033	296.728

Balance sheet 31 December (continued)

Note	EQUITY AND LIABILITIES	Group		Parent	
		2023	2022	2023	2022
	Figures in DKK '000				
	Share capital	10.804	10.804	10.804	10.804
	Retained earnings	160.992	170.653	160.992	170.653
26	Total equity	171.796	181.456	171.796	181.456
	Payables to credit institutions	384.296	419.081		
	Subordinated loan from shareholder	118.603	114.541	118.603	114.541
	Other payables	35.767	34.843		
	Leases	23.730	31.551		
28	Total long-term payables	562.397	600.016	118.603	114.541
	Short-term portion of long-term payables	12.034			
28	Payables to credit institutions	175.910	222.290		
	Short term leases	18.518	21.511		
22	Prepayments received from work in progress for third parties	188.807	282.777		
	Prepayments received from customers	238.689	146.970		
	Trade payables	202.508	348.701		
	Payable to group enterprises			1.493	
	Income taxes	13.865	4.796		0
27	Provisions	45.676	18.747		
	Other payables	63.038	67.508	2.141	731
	Total short-term payables	959.046	1.113.300	3.635	731
	Total payables	1.521.443	1.713.316	122.238	115.272
	Total equity and liabilities	1.693.238	1.894.772	294.033	296.728
30	Contingent liabilities				
31	Security				
32	Related parties				

Consolidated cashflow statement

Note	Group Figures in DKK '000		
		2023	2022
	Net profit/loss for the year	-308	-107.127
33	Adjustments	103.177	103.641
	Change in working capital		
	Inventories	71.934	-81.508
	Receivables	91.294	-43.790
	Trade payables and other prepayments received	-148.443	213.857
	Other payables relating to operating activities	25.475	1.729
	Cashflow from discontinued operations	0	0
	Cash flows from operating activities before net financials	143.129	86.801
	Interest income and similar income received	13.509	3.087
	Interest expenses and similar expenses paid	-75.814	-57.589
	Income tax paid	14.473	-6.718
	Cash flows from operating activities	95.297	25.582
	Purchase of intangible assets	-8.150	-14.562
	Sale of intangible assets	3.359	0
	Purchase of property, plant, and equipment	-11.061	-16.464
	Sale of property, plant, and equipment	149	1.460
	Other receivables	1.616	-1.289
	Cash flows from investing activities	-14.087	-30.855
	New shares		24
	Sale of treasury shares	7.137	0
	Payment to credit institutions, net	-73.827	-10.279
	Other payable	925	12.696
	Lease installments	-20.734	-20.940
	Cash flows from financing activities	-86.499	-18.500
	Total cash flows for the year	-5.289	-23.773
	Cash beginning of year	70.659	94.432
	Total cash	65.370	70.659

Cashflow statement parent

Note	Parent Figures in DKK '000	2023	2022
	Net profit/loss for the year	-308	-107.127
33	Adjustments	-397	106.202
	Change in working capital		
	Other payables relating to operating activities	1.407	304
	Cash flows from operating activities before net financials	703	-621
	Interest income and similar income received	736	380
	Interest expenses and similar expenses paid	-897	-491
	Cash flows from operating activities	542	-732
	Receivables from Group enterprises	274	-2.573
	Other receivables	-375	375
	Cash flows from investing activities	-101	-2.197
	Issue of new shares		24
	Cash flows from financing activities		2.802
	Total cash flows for the year	441	-128
	Cash beginning of year	15	144
	Total cash	455	15

Statement of changes in equity

Group				
Figures in DKK '000	Share capital	Reserve for exchange rate adjustment	Retained earnings	Total Equity
Statement of changes in equity for 01.01.2022 - 31.12.2022				
Balance as of 01.01.2022	10.780	10.189	248.494	269.463
<i>Comprehensive income</i>				
Net profit/loss for the year			-107.127	-107.127
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises	0	16.318	0	16.318
Total comprehensive income	0	16.318	-107.127	-90.809
<i>Transactions with shareholder</i>				
Issue of new shares	24		2.778	2.802
Total transaction with shareholder	24	0	2.778	2.802
Balance as of 31.12.2022	10.804	26.507	144.145	181.456
Statement of changes in equity for 01.01.2023 - 31.12.2023				
Balance as of 01.01.2023	10.804	26.507	144.145	181.456
<i>Comprehensive income</i>				
Net profit/loss for the year			-308	-308
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises	0	-16.490	0	-16.490
Total comprehensive income	0	-16.490	-308	-16.798
<i>Transactions with shareholder</i>				
Sale of Treasury share			7.137	7.137
Total transaction with shareholder	0	0	7.137	7.137
Balance as of 31.12.2023	10.804	10.017	150.975	171.796

Refer to note 26 Equity.

Statement of changes in equity, continued

Parent				
Figures in DKK '000	Share capital	Reserve for exchange rate adjustment	Retained earnings	Total Equity
Statement of changes in equity for 01.01.2022 -31.12.2022				
Balance as of 01.01.2022	10.780	10.189	248.494	269.463
<i>Comprehensive income</i>				
Net profit/loss for the year			-107.127	-107.127
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises		16.318		16.318
Total comprehensive income	0	16.318	-107.127	-90.809
<i>Transactions with shareholder</i>				
Issue of new shares	24		2.778	2.802
Balance as of 31.12.2022	10.804	26.507	144.145	181.456
Statement of changes in equity for 01.01.2023 -31.12.2023				
Balance as of 01.01.2023	10.804	26.507	144.145	181.456
<i>Comprehensive income</i>				
Net profit/loss for the year			-308	-308
<i>Other comprehensive income</i>				
Foreign currency translation adjustment of foreign enterprises		-16.490		-16.490
Total comprehensive income	0	-16.490	-308	-16.798
<i>Transactions with shareholder</i>				
Sale of treasury shares			7.137	7.137
Total transactions with shareholder	0	0	7.137	7.137
Balance as of 31.12.2023	10.804	10.017	150.975	171.796

Refer to note 26 Equity.

Overview of notes and accounting policies

1 Introduction

Reporting entity

Haarslev Group Holding A/S (parent company) is the reporting entity. Haarslev Group Holding A/S is a limited liability company incorporated in Denmark. The 2022 Consolidated Financial Statements include the Parent Company Financial Statements of Haarslev Group Holding A/S and its subsidiaries (together referred to as "the Group" or "Haarslev Group" or "Haarslev").

On 12 June 2024, the Board of Directors and the Executive Management Board considered and approved the 2023 Financial Statements of Haarslev Group Holding A/S. The Financial Statements will be presented to the shareholders of Haarslev Group Holding 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 Consolidated Financial Statements and the financial statements of the Parent Company have been consistently applied to all the years presented, unless otherwise stated.

The Group and parent Company's financial statements have been prepared in accordance with International Financial Accounting 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.

2 Measurement basis

Consolidated Financial Statements and the Parent Company 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.

The Consolidated Financial Statements and the Parent Company Financial Statements are presented in Danish Kroner (DKK) which is the Parent 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 Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Group's and the Parent Company's financial position at the balance sheet date and the operations and cash flows for the financial year.

The Consolidated Financial Statements and the Parent Company 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 Group:

- Revenue
- Work in Progress
- Inventory
- Goodwill

Significant estimates

In the preparation of the Consolidated Financial Statements, Management undertakes several accounting estimates and judgements and makes assumptions which provide the basis for recognition and measurement of the assets, liabilities, revenues and expenses of the Group and the Parent 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, 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 Group 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 Consolidated Financial Statements:

Key accounting estimate	Note	Estimation risk
Work in progress (and thereby revenue and production costs)	22	Medium
Inventory (and thereby production costs)	21	Medium
Goodwill	15	High

3 Consolidated financial statements

The consolidated financial statements include Haarslev Group Holding A/S (parent company) and the subsidiary enterprises in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise maintains control.

The Consolidated Financial Statements are based on the Parent Company and the subsidiaries and are prepared by combining items of a uniform nature and eliminating inter-company transactions, shareholdings, balances, and inter-company gains and losses. The Consolidated Financial Statements are prepared by applying the Group's accounting policies. Investments in subsidiaries are eliminated against the proportionate share of the subsidiaries' net asset value at the acquisition date.

4 Translation of foreign currencies

Functional and presentation currency

Items included in the financial statements are measured using the functional currency of each of the Group's enterprises. The functional currency of each Group entity is the currency of the primary economic environment in which the entity operates. The Consolidated 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 Consolidated Financial Statements, the Income statement items of subsidiaries with a functional currency different from DKK are translated at the average exchange rate, 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.

5 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 Group has adopted standards and interpretations effective as of 31 December 2023. The Group 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 from 2023.

The Group 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 Consolidated Statement of Income

Haarslev Group Holding A/S presents expenses in the Consolidated Statement of Income in accordance with their function. This allows the presentation of gross profit in the Consolidated 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;
- Administration cost 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.

6 Revenue

Haarslev reports its revenue in 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	Group	
	2023	2022
Revenue comprises of the following activities:		
Capital sales	1.018.288	1.155.167
Aftermarket	558.150	481.333
Total revenue	1.576.438	1.636.500

Capital sales revenue consist of DKK 829.196k (2022: 841.940) recognized over time and DKK 189.092k (2022: DKK 313.227) 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 Group's areas:

- Bio Processing
- Poultry and Beef rendering
- Fish processing

	Group		Group	
Figures in DKK '000	2023	2022	2023	2022
Revenue comprises of the following areas:				
Bio Processing	188.727	137.165	12%	8%
Poultry & Beef	1.203.197	1.309.333	76%	80%
Fish	184.514	190.002	12%	12%
Total	1.576.438	1.636.500	100%	100%

With deeply rooted industry expertise across all three areas, 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 Processing

Conversion of Bio Processing by-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 areas, 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:

	Group	
Figures in DKK '000	2023	2022
Revenue comprises of the following geographical markets:		
Revenue, Denmark	93.144	101.009
Revenue, other EU countries	454.415	510.478
Revenue, non-EU countries	1.028.879	1.025.013
Total	1.576.438	1.636.500

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 customers' 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 22).

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 Group 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 Group 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 Group 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.

7 Costs

Accounting policies

Production costs

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.

Production 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 in the Group are DKK 3.958k (2022: DKK 7.877k). 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.

8 Employee benefits

Personnel costs				
Figures in DKK '000				
Personnel costs - type	Group		Parent	
	2023	2022	2023	2022
Wages and Salaries	358.000	364.737	550	803
Pensions	24.214	20.556		
Other personnel costs	8.552	5.269		
Total	390.765	390.563	550	803
Personnel costs - function	2023	2022	2023	2022
Production costs	251.378	249.170		
Distribution costs	76.273	79.797		
Administrative costs	63.115	61.596	550	803
Total	390.765	390.563	550	803
Average number of employees during the year, continuing activities	888	907		
Salaries, Board of Executives	16.224	12.621		
Remuneration for the Board of Directors	1.375	1.400	550	725
Remuneration for the Executive Board and Board of Directors	17.599	14.021	550	725
Key management personnel				
	Group			
	2023	2022	2023	2022
Wages and Salaries	14.814	10.988		
Pensions	699	630		
Severance pay	2.092	4.565		
Other personnel costs	711	810		
Total remuneration for key management personnel	18.316	16.993		

Group management is considered to be key management personnel (4 persons in 2023 (2022: 4)).

Accounting policies

The employee benefit expenses relate to employees who are employed at Haarslev, 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.

Management incentive programme

The Company has issued 8,103 warrants to Executive Management and Management personnel of the Group of which 0 were issued during 2022 and 2023.

None of the warrants are exercisable at year end. The warrants were issued at fair market value and therefore no compensation expense is recognised. The warrants give the holders the right (without pre-emption right for the Company's existing shareholders) to subscribe shares in the Company with a par value of one Danish Krone.

The warrants can be exercised either (i) at a change of control of the Group or an IPO or (ii) if a change of control of the Group or an IPO has not occurred before then. No warrants were expired in 2022. Warrants which expire in 2025 have an exercise period from 31 May 2025 to 30 June 2025.

The Company's share capital may be increased in order to make it possible for the holders of the warrants to exercise the warrants.

	2023	2022
Outstanding 1 January	8.103	51.027
Expired during the period		-42.924
Outstanding 31 December	8.103	8.103
Total cash payments for issued warrants, DKK	100.478	100.478
Outstanding warrants which expire medio 2025	8.103	8.103
Weighted average contractual life (years)	2	3
Weighted average exercise rate	373	373

Certain member of the executive board and the board of directors have in 2023 acquired treasury shares for DKK 7,0 mln. Employees have acquired treasury shares for DKK 0,1 mln. Totally nominal 144.096 B-shares at a fair market value of totally DKK 7,1 mln. (representing 1,3% of share capital) of treasury shares have been sold.

9 Fees to Auditors

The following table shows the fees to Deloitte attributable to the fiscal years 2023 and 2022.

Fees to auditors				
	Group		Parent	
Figures in DKK '000	2023	2022	2023	2022
Statutory audit of the financial statement	2.752	2.900	140	110
Tax advice	268	204		
Other services	3.668	678		11
Total	6.687	3.782	140	121

Statutory audit of the financial statement is annual audit fee paid to Deloitte. Tax services relate to tax compliance and transfer pricing, educational training, and other tax advisory services.

Accounting policies

Accounting policies for annual audit is cost related to the income statement in the Group. Fee to auditor consist of actual and provision for cost related to the fiscal year.

10 Net finance cost

Financial income				
	Group		Parent	
Figures in DKK '000	2023	2022	2023	2022
Interest income	13.509	3.087	795	506
Other interest income			5	
Interest group companies			7.311	3.673
Total	13.509	3.087	8.110	4.179

Financial expenses				
	Group		Parent	
Figures in DKK '000	2023	2022	2023	2022
Interest expenses	63.939	34.630	105	1
Foreign currency translation adjustments	571	12.065		
Interest group companies			7.374	3.799
Lease interests	1.725	2.086		
Other financial expenses	13.640	13.470	795	505
Total	79.876	62.251	8.274	4.304

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.

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

11 Income tax

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Tax on profit or loss for the year	-7.451	22.446		
Other taxes	-17.943	-28.028		
Adjustment of deferred tax for the year	-7.937	9.716	0	0
Adjustment of tax in respect to previous years	-847	964	0	0
Total	-34.178	-5.098	0	0
Tax rate in DK	22%	22%	22%	22%
Calculated tax of the result	-7.451	22.446	2.708	23.568
Tax loss not recognized in income statement	-25.880	-28.508		
Result in Group enterprises and Associates	0	0	-2.517	-23.337
Taxes related to previous years	-847	964	0	0
Other taxes		0	-191	-231
Total	-34.178	-5.098	0	0
Effective tax rate	101%	-5%	0%	0%

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 parent company is jointly taxed with all its other Danish subsidiaries.

The current income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses).

Other taxes consist of withholding taxes paid in Group entities. Adjustment of tax previous years is related to local adjustments after year-end report to parent entity.

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.

12 Special items

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) comprises 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.

	2023	2022
Total special Items	DKK -35.993k	DKK -60.355k

13 Distribution of net profit

Figures in DKK '000	Group		Parent	
	2023	2022	2023	2022
Retained earnings	11.692	-107.127	11.692	-107.127
Total	11.692	-107.127	11.692	-107.127

14 Intangible assets

2023

Group				
Figures in DKK '000	Development project in progress	Knowhow	Acquired rights	Total 2023
Cost as of 01.01.	11.934	97.430	33.546	142.909
Foreign currency translation adjustment of foreign enterprises	-952		-94	-1.046
Additions during the year	6.886	0	1.264	8.150
Disposals during the year	-1.784	0	-569	-2.353
Cost as of 31.12.	16.084	97.430	34.147	147.661
Adjustment to cost 01.01.	3	-60.505	-32.841	-93.343
Foreign currency translation adjustment of foreign enterprises	2.049	682	640	3.370
Depreciation during the year	-3.668	-3.085	-2.515	-9.267
Reversal of amortisation of and impairment losses on disposed assets	208	0	569	777
Adjustments to cost 31.12.	-3.192	-62.908	-34.147	-100.246
Carrying amount as of 31.12.	12.892	34.522	0	47.414
Depreciation & impairment loss shared in functions				
Production				-8.058
Administration				-1.209
Total				-9.267

2022

Group				
Figures in DKK '000	Development project in progress	Knowhow	Acquired rights	Total 2022
Cost as of 01.01.	4.342	70.016	26.414	100.772
Foreign currency translation adjustment of foreign enterprises			162	162
Additions during the year	7.592	27.414	6.970	41.976
Disposals during the year	0	0	0	0
Cost as of 31.12.	11.934	97.430	33.546	142.909
Adjustment to cost 01.01.	0	-57.420	-24.412	-81.832
Foreign currency translation adjustment of foreign enterprises	3		-116	-113
Depreciation during the year	0	-3.085	-8.313	-11.398
Reversal of amortisation of and impairment losses on disposed assets	0	0	0	0
Adjustments to cost 31.12.	3	-60.505	-32.841	-93.343
Carrying amount as of 31.12.	11.937	36.925	705	49.567
Depreciation & impairment loss shared in functions				
Production				-7.686
Administration				-3.712
Total				-11.398

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.

Development projects Internal research costs are charged in full to the consolidated income statement in the period in which they are incurred.

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.

15 Goodwill

Figures in DKK '000	2023	2022
Cost as of 01.01.	1.208.798	1.327.600
Foreign currency translation adjustment of foreign enterprises	53	-18
Disposals during the year	0	-118.784
Cost as of 31.12.	1.208.851	1.208.798
Adjustment to cost 01.01.	-406.858	-525.573
Foreign currency translation adjustment of foreign enterprises	-527	-68
Reversal of amortisation of and impairment losses on disposed assets	0	118.783
Adjustments to cost 31.12.	-407.385	-406.858
Carrying amount as of 31.12.	801.466	801.940

Accounting policies

Goodwill is not amortised in the income statement. Instead, the Group performs annual impairment tests and tests when there are indications of a need for impairments. Goodwill is also tested at the transition to IFRS.

At initial recognition goodwill is recognised in the balance sheet at cost. Subsequently, goodwill is measured at cost less accumulated impairment losses. The book value of goodwill is allocated to the Group's cash-generating units at the time of acquisition.

Accounting estimates

The annual impairment test includes property, plant and equipment, right of use assets, goodwill, other intangible assets and net working capital allocated to the CGUs to determine the final recoverable amount. The Haarslev Group is seen as one CGU.

The purpose of impairment testing is to determine whether the recoverable amount exceeds the carrying amount of the above-mentioned assets. The recoverable amount of an operating area is determined as the present value of the future cash flows expected to be derived from a CGU, based on amongst others:

- the estimated future cash flows that the Group expects the CGU to earn;
- possible variations in the amount or timing of those future cash flows;
- the time value of money, which is reflected by using a discount rate based on the current market risk-free rate of interest; and
- the price for the uncertainty inherent in the CGU.

Key assumptions used in the impairment tests for the CGUs were sales growth rates, EBITDA and the rates used for discounting the projected cash flows.

These cash flow projections were determined using managements internal forecasts that cover an initial period until 2027. Projections were extrapolated with stable growth rates for the years, which is in accordance with the business strategy. The weighted growth rate for the period is 5.6%-6.5% (2022: 5%). These growth rates are in line with external market predictions of the worldwide industry for providing equipment and solutions for the industry, and a general raise in the market. The terminal growth rate was determined based on management's estimate of the long-term compound annual EBITDA growth rate, consistent with the assumptions that a market participant would make. The terminal rate used is 2% (2022: 2%).

The sales growth rates and EBITDA used to estimate cash flows are based on past performance, external market growth assumptions and industry long-term growth averages. EBITDA in all areas mentioned in this note is expected to increase over the projected period as a result of volume growth and cost efficiencies.

The time value of money and price of uncertainty, calculated as the Weighted Average Cost of Capital ("WACC"), are based on external market information about market risk, interest rates and CGU specific elements. WACC rate used is 12,5% (2022: 11,5%).

The key assumptions used for the impairment tests are listed below.

Taking into account increased uncertainty in the economy, sensitivity tests were performed on growth assumptions. The high order intake in the beginning of 2023, and general demand in the market, has a positive impact on the coming order intake. All sensitivity tests showed that the conclusions would not

have differed if significant adverse changes in key parameters had been assumed.

No impairment loss was recognised in 2023 or 2022.

16 Property, plant and equipment

2023

Group					
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.	171.313	138.806	71.470	395	381.984
Foreign currency translation adjustment of foreign enterprises	-150	-1.789	-1.116	0	-3.054
Additions during the year	1.852	3.337	2.994	2.879	11.061
Disposals during the year	0	-2.260	-45		-2.304
Transferred			490	-490	0
Cost as of 31.12.	173.015	138.094	73.794	2.784	387.687
Adjustments to cost 01.01.	-86.242	-118.001	-45.187	0	-249.430
Foreign currency translation adjustment of foreign enterprises	109	1.313	824	0	2.247
Depreciation during the year	-2.785	-5.886	-5.247	0	-13.918
Reversal of amortisation of and impairment losses on disposed assets	0	2.260	51	0	2.311
Adjustments to cost 31.12.	-88.707	-120.504	-49.559	0	-258.769
Carrying amount as of 31.12.	84.308	17.591	24.235	2.784	128.918
Depreciation shared in functions					
Production					-10.933
Administration					-2.785
Distribution					-200
Total					-13.918

2022

Group					
Figures in DKK '000	Land and built	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total 2022
Cost as of 01.01.	167.456	131.282	68.720	2.171	369.629
Foreign currency translation adjustment of foreign enterprises	357	556	1.626	0	2.539
Additions during the year	3.501	2.744	0	8.335	14.580
Disposals during the year	0	-669	-4.095		-4.764
Transferred		4.893	5.218	-10.111	0
Cost as of 31.12.	171.313	138.806	71.470	395	381.984
Adjustments to cost 01.01.	-83.094	-110.069	-41.520	0	-234.683
Foreign currency translation adjustment of foreign enterprises	-158	-547	-1.019	0	-1.725
Depreciation during the year	-2.990	-8.044	-5.292	0	-16.326
Reversal of amortisation of and impairment losses on disposed assets	0	658	2.646	0	3.304
Adjustments to cost 31.12.	-86.242	-118.002	-45.185	0	-249.430
Carrying amount as of 31.12.	85.071	20.803	26.285	395	132.554
Depreciation shared in functions					
Production					-13.355
Administration					-2.709
Distribution					-262
Total					-16.326

Depreciation of property, plant and equipment as above are included in the Statement of Income. Furthermore, a building in one entity has been sold, and the entity has been transferred to leased facilities.

For further information for land and buildings and securities, refer to note 31.

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. Haarslev Group 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.

17 Leases

2023

Group				
Figures in DKK '000	Buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total 2023
Cost as of 01.01.	71.150	3.419	20.289	94.857
Foreign currency translation adjustment of foreign enterprises	-2.210	8	-10	-2.212
Additions during the year	4.867	0	5.248	10.115
Disposals during the year	-2.083	0	-1.768	-3.851
Cost as of 31.12.	71.725	3.426	23.758	98.909
Adjustments to cost 01.01.	-33.566	-1.246	-12.908	-47.721
Foreign currency translation adjustment of foreign enterprises	1.191	-3	-11	1.177
Depreciation during the year	-13.627	-742	-4.862	-19.231
Reversal of amortisation of and impairment losses on disposed assets	1.819	0	1.766	3.584
Adjustments to cost 31.12.	-44.184	-1.991	-16.016	-62.191
Carrying amount as of 31.12.	27.541	1.435	7.742	36.718
Depreciation shared in functions				
Production				-9.242
Administration				-9.989
Total				-19.231

2022

Group				
Figures in DKK '000	Buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Total 2022
Cost as of 01.01.	66.725	3.622	15.223	85.570
Foreign currency translation adjustment of foreign enterprises	256	0	11	266
Additions during the year	5.934	1.012	5.055	12.000
Disposals during the year	-1.765	-1.215	0	-2.980
Cost as of 31.12.	71.150	3.419	20.289	94.857
Adjustments to cost 01.01.	-19.191	-1.561	-7.425	-28.177
Foreign currency translation adjustment of foreign enterprises	-1.636	1.721	-1.289	-1.204
Depreciation during the year	-13.210	-2.622	-4.194	-20.025
Reversal of amortisation of and impairment losses on disposed assets	471	1.215	0	1.686
Adjustments to cost 31.12.	-33.566	-1.246	-12.908	-47.721
Carrying amount as of 31.12.	37.584	2.172	7.380	47.136
Depreciation shared in functions				
Production				-10.375
Administration				-9.650
Total				-20.025

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

Accounting policy

Haarslev Group mainly leases buildings, 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.

18 Equity investments in associates

The investments in associates relate to a 49% interest in the Danish company Core A/S. Result hereof:

Group

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

19 Business combinations

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. Purchase price allocation has been finalized due to acquisition date 1 January 2022 and is merged with Haarslev Industries A/S in 2022.

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 amount to DKK 152k.

The number of employees in Core A/S is 7.

No other 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.

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

20 Equity investment in Group enterprises

Parent		
Figures in DKK '000	2023	2022
Cost as of 01.01.	884.651	881.849
Additions during the year		2.802
Cost as of 31.12.	884.651	884.651

Revaluation to cost per 01.01.	-704.190	-614.432
Foreign currency translation adjustment of foreign enterprises	-16.490	16.319
Treasury shares	7.137	
Net profit/loss from equity investments	561	-106.077
Revaluation to cost, ultimo	-712.982	-704.190
Carrying amount as of 31.12.	171.669	180.461

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 LLC	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 31.

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.

21 Inventories

Figures in DKK '000	2023	2022
Raw materials and consumables	84.184	129.766
Product in progress	94.665	111.613
Manufactured goods and goods for resale	127.345	136.749
Total inventories	306.195	378.128
Write down on inventory	-36.135	-26.239
Write down beginning of the year	-18.655	-33.419
Write down/reversal during the year, net	-17.481	14.765
Write down at the end of the year	-36.135	-18.655

In 2023 write down (net) of inventories to net-realizable value amounted to DKK -17.5 mln (2022: DKK 14.8 mln release of write down).

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 for old inventory items in the inventory, and an update of calculation for this, to reduce future write downs on useless items.

Cost in change of inventory which are included in the income statement as production costs are DKK 819.0105k (2022: DKK 976.845k).

Accounting policy

Inventories are measured at the lower of 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.

22 Work in progress for third parties

Group

Figures in DKK '000	2023 DK '000	2022 DK '000
Work in progress for third parties	1.427.832	1.309.823
On-account invoicing	-1.589.980	-1.569.849
Work in progress for third parties, total	-162.148	-260.026

Work in progress for third parties (contract assets)	26.660	22.750
Work in progress for third parties (contract liabilities)	-188.807	-282.777
Total	-162.147	-260.026

Value of performance obligation already recognised	1.427.832	1.309.823
Value of performance obligations will be recognised within 12 months	837.000	733.584
Value of performance obligations will be recognised after 12 months	90.024	216.303
The value of performance obligations	2.354.856	2.259.710

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 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".

Accounting estimates

"Work In Progress" (WIP) recognised at sales price The Group 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 Group has significant loss making contracts there has been written down in 2022 and not yet been closed in 2023 and the write down end of 2023 is DKK 68.4 mln. (2022: DKK 59.5 mln).

Contingency provision development is illustrated below for the Group.

	Group	
	2023	2022
Figures in DKK '000	DK '000	DK '000
Beginning of the year	48.055	39.422
Addition	54.295	76.447
Spend	-35.993	-67.814
End of the year	66.357	48.055

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.

23 Trade receivables

	Group	
Figures in DKK '000	2023	2022
Not Due	152.397	214.196
OverDue days <30	16.644	19.633
OverDue days (>30 & <60)	5.660	17.121
OverDue days (>60 & <90)	2.874	7.004
OverDue days (>90 & <180)	1.736	9.202
OverDue days >180	323	3.275
Provisioned for loss	-4.368	-10.595
Trade receivable as of 31.12.2023	175.267	259.835

Changes in provision for trade receivable	Group	
Figures in DKK '000	2023	2022
Carrying amount beginning of the year	-10.595	-5.582
Impairment, net		-5.013
Reversal of allowance on realised losses, net	6.227	
Total provision for loss end of the year	-4.368	-10.595

In 2023 provisions for trade receivable have been reversed due to finalization of disputes with customers.

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 4.232k as of 31 December 2023 (2022: DKK 10.314k). 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 136k (2022: DKK 281k).

24 Other receivables, long term

Group		
Figures in DKK '000	2023	2022
Cost as of 01.01.2023	4.271	2.982
Additions during the year	23	1.407
Disposals during the year	-1.639	-118
Cost as of 31.12.2023	2.655	4.271
Fall due more than 5 years	2.655	4.271
Total	2.655	4.271

Other receivables are deposit paid for leased buildings.

Accounting policy

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

25 Deferred tax assets

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:

	Group		Parent	
Figures in DKK '000	2023	2022	2023	2022
Deferred tax comprises				
Deferred tax asset	33.739	43.608	462	462
Deferred tax liability	-149	-701	0	0
Total	33.590	42.907	462	462

Deferred tax comprises of

Intangible assets	764	764	0	0
Property, plant, and equipment	-1.471	-5.143	0	0
Provision of receivables	-475	-5.554	0	0
Securities and equity investments	1.987	2.320	0	0
Provisions	2.257	4.655	0	0
Liabilities	1.455	7.274	0	0
Tax losses	29.072	38.591	462	462
Total	33.590	42.907	462	462

Changes during the year

Beginning of the year	42.907	31.381	462	462
Recognised in the income statement	-7.937	9.716	0	0
Other changes	-1.380	1.810		
End of year	33.590	42.907	462	462

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 Consolidated Statement of Financial Position are as above. Deferred tax not recognised in balance sheet are DKK 79.670k (2022: DKK 67.670k).

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.

26 Equity

The share capital consists of:

Shares capital as of 01.01.2019	9.143
Increase in share capital 01.01.2020-31.12.2020	1.637
Increase in share capital 01.01.2021-31.12.2021	0
Increase in share capital 01.01.2022-31.12.2022	24
Increase in share capital 01.01.2023-31.12.2023	
Total	10.804

Contributed capital consists of 10.804.534 shares of nominal value of DKK 1. The shares are divided into 8.475.075 A shares and 2.329.459 B shares.

Each B share (total 21.56 % of nominal share capital) is granted economic rights, of the economic rights that accrue A shares in connection with distributions in case of dividend, liquidation and any other situation or case, where funds are paid from the company to its shareholders.

Treasury shares

Haarslev Group A/S has purchased treasury B-shares in Haarslev Group Holding A/S with a nominal amount of 2.329.459 (21,56% of nominal share capital) for DKK 1. The shares are purchased as part of an agreement between shareholders in Haarslev Group Holding A/S.

The holding of treasury shares at 31/12 2023 amount to 2.185.363 B-shares, representing 20,2% of the nominal share capital in Haarslev Group Holding A/S.

Accounting policy

Shares in Haarslev Group Holding A/S acquired by Haarslev Group A/S are considered as treasury shares in Haarslev Group A/S as Haarslev Group Holding A/S activity only consist of the 100% ownership of Haarslev Group A/S. Acquisition and sale of treasury shares are recognised directly in equity, in the retained earnings reserve as a transaction with shareholders.

27 Other provisions

Group						
Figures in DKK '000	Warranty commitments	Other provisions	Total 2023	Warranty commitments	Other provisions	Total 2022
Provision as of 01.01.2023	15.257	3.490	18.746	15.935	2.600	18.535
Provision addition through the	35.993		35.993	30.049		30.049
Provision release in the year	-10.672	1.609	-9.063	-30.727	890	-29.837
Provision as of 31.12.2023	40.578	5.098	45.676	15.257	3.490	18.746

During 2022, the percentage of warranty commitments on all capital sales projects has increased compared to previous years, which explains the high provision end of 2023. Many of the projects are not completed, which explains the high provision end of 2023.

All provisions are classified as short term provisions and will be utilized within a period of 12 months.

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 revenue from a contract in progress, further provisions are made for the total expected loss from the specific contract.

28 Borrowings and lease liabilities long term

Loan in balance sheet fall due as illustrated below:

Group 2023

Figures in DKK '000	Short term payable	Fall due between 1-5 years	Fall due more than 5 years	Total long term payables at 31.12.2023	Interest
Payables to other credit institutions	175.910	368.816	15.480	384.296	EURIBOR + 3.25%-5%
Other interest bearing payable	604	13.741	22.027	35.767	2.1%-3.5%
Subordinated loan from shareholder		118.603		118.603	EURIBOR + 2%
Leases	18.518	23.730	0	23.730	Variable 5-8%
Total	195.032	524.890	37.507	562.397	

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 credit institutions will fall due 30 June 2025 is DKK 368.816k (2022: DKK 401.659k). Management will in 2024 and 2025 negotiate new financial debt to financial institutions and shareholder.

Payable for credit institutions related to financing of buildings, will fall due in year 2039 DKK 15480k (2022: DKK 17422k).

Group 2022

Figures in DKK '000	Short term payable	Fall due between 1-5 years	Fall due more than 5 years	Total long term payables at 31.12.2022	Interest
Payables to other credit institutions	222.290	401.659	17.422	419.081	EURIBOR + 3.25%-5%
Other interest bearing payable	783	13.712	21.131	34.843	2.1%-3.5%
Subordinated loan from shareholder		114.541		114.541	EURIBOR +2%
Leases	21.511	31.482	69	31.551	Variable 5-8%
Total	244.585	561.394	38.622	600.016	

Changes in interest bearing debt are illustrated below:

Group 2023

Figures in DKK '000	Beginning of the year	Addition	Paid	Non cash transactions	End of the year
Payables to other credit institutions	445.410		-39.480		405.930
Other interest bearing payable	34.843	925			35.767
Subordinated loan from shareholder	114.541			4.062	118.603
Leases	53.062		-20.734	9.920	42.249
Total	647.856	925	- 60.214	13.982	602.549

Group 2022

Figures in DKK '000	Beginning of the year	Addition	Paid	Non cash transactions	End of the year
Payables to other credit institutions	455.689	14.787	-25.066		445.410
Other long term payable	22.147	12.696			34.843
Subordinated loan from shareholder	109.880			4.662	114.541
Leases	65.555		-20.940	8.448	53.062
Total	653.271	27.483	- 46.006	13.110	647.857

Loan in balance sheet fall due as illustrated below for parent entity:

Parent					
Figures in DKK '000	Fall due between 1-5 years	Total long term payables at 31.12.2023	Fall due between 1-5 years	Total long term payables at 31.12.2022	Interest
Subordinated loan from shareholder	118.603	118.603	114.541	114.541	EURIBOR +2%
Total	118.603	118.603	114.541	114.541	

Parent		
Subordinated loan from shareholder		
Figures in DKK '000	2023	2022
Beginning of the year	114.541	109.880
Addition		
Non cash transactions	4.062	4.662
End of the year	118.603	114.541

Parent		
Receivable from Group enterprises		
Figures in DKK '000	2023	2022
Beginning of the year	113.667	108.353
Addition	1.420	16
Paid	-1.896	637
Non cash transactions	6.906	4.662
End of the year	120.097	113.667

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)

Loan from shareholder

Haarslev Group Holding has a loan of 118 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 after 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.

29 Financial instruments and risks

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 the fair value but at 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

Group

Figures in DKK '000	Repayment first year	Fall due between 1-5 years	Fall due more than 5 years	Total long term payables at 31.12.2023
Payables to other credit institutions	180.308	378.036	15.867	393.904
Other interest bearing payable	613	13.947	22.357	36.304
Subordinated loan from shareholder		123.265		123.265
Leases	18.518	23.730	0	23.730
Trade payable	202.508			
Other payable	62.425			
Work in progress For third parties (contract liability)*	188.807			
Prepayments received from customers*	238.689			
Payable to associates	0			
Income taxes	13.865			
Total payable	905.733	538.978	38.225	577.203
Trade receivables	-175.267			
Other receivable	-64.121			
Work in progress For third parties (contract assets)	-26.660			
Total receivable	-266.048			
Total	639.685	538.978	38.225	577.203

* 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 years. 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

Group

Figures in DKK '000	Repayment first year	Fall due between 1-5 years	Fall due more than 5 years	Total long term payables at 31.12.2022
Payables to other credit institutions	227.848	411.700	17.858	429.558
Other interest bearing payable	795	13.918	21.448	35.366
Subordinated loan from shareholder		114.541		114.541
Leases	21.511	31.482	69	31.551
Trade payable	348.701			
Other payable	66.713			
Work in progress For third parties (contract liability)*	282.777			
Prepayments received from customers*	146.970			
Payable to associates	0			
Income taxes	4.796			
Total payable	1.100.110	571.641	39.374	611.015
Trade receivables	-259.835			
Other receivable	-29.359			
Work in progress For third parties (contract assets)	-35.158			
Total receivable	-324.352			
Total	775.758	571.641	39.374	611.015

*The payment of Work in progress for third parties (contract liability) and Prepayments received from customers will occur via the work on projects coming years. 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 a central department 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. Foreign exchange risk is limited, due to the fact that most of the Groups activities are performed in EUR.

Parent

The company mainly operates in EUR and DKK currency. The EUR/DKK exchange rate is not considered a currency exposure due to the Danish fixed rate policy, hence no currency exposure exist.

Group

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

The EUR/DKK exchange rate is not considered a currency exposure due to the Danish fixed rate policy.

In 2023 the exposure on USD is considered high through the year and the net balance of USD was DKK 31mln (2022: 24 mln) in the Group. Assuming a 10% increase in the USD exchange rate the exposure in 2023 could be calculated to DKK 2.5mln (2022: 2.5mln).

(2) Interest rate risk

The Group is exposed mainly to floating interest rate risk on borrowings. Borrowings issued at variable rates expose the company to cash flow interest rate risk. A 1% change in floating interest rate will impact Equity and result with the amount of DKK 6,6 mln (2022: DKK 7,4 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, 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.

30 Contingent liabilities

Group

Haarslev Group 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 Group's ordinary activities, the Groups bank and insurance company have issued guarantees for contracting projects totaling DKK 103.759k (2022: DKK 127.523k).

Parent

The company is taxed jointly with Haarslev Group A/S and Haarslev Industries 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 is disclosed in the administration company's financial statement.

31 Security

Group

Haarslev Industries's shares in nine material subsidiaries with a carrying amount of DKK 176.529k (2022: DKK 180.461k) have been provided as security to credit institutions, as of 31 December 2023, amount to net DKK 630.905k (2022: DKK 718.015k).

Nine 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 48.290k (2022: DKK 48.290k) and a letter of indemnity of DKK 4.500k (2022: DKK 4.500k) secured on land and buildings with a carrying amount of DKK 59.367k (2022: DKK 59.149k) at 31 December 2023 have been provided as security for credit institutions in the parent and Group enterprises amounting net to DKK 630.905k (2022: DKK 718.015k) as of 31 December 2023.

The Group has found joint and unlimited surety for the Group's cash pool with credit institutions with a net debt of DKK 154.276k (2022: DKK 194.838k).

Parent

The parent company's shares in subsidiaries with a carrying amount of DKK 171.669k (2022: DKK 180.461k) have been provided as security for payables in Group enterprises to banks, as of 31 December 2023, amount to net DKK 630.905k. (2022: DKK 718.015k.).

32 Related parties

Related party with significant influence comprises the executive board and board of directors. For information regarding transactions with executive board and board of directors' reference is made to note 8. For information regarding purchase of treasury shares reference is made to note 26.

Related parties comprise associate company, refer to note for associate 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	Principal shareholder
Haarslev Holding S.A.R.L., 9A Rue Gabriel Lippmann, L-5365 Munsbech, Luxembourg	Shareholder

Parent

Transactions and balances with related parties

Figures in DKK'000	2023	2022
Financial income	7.311	3.673
Finance expenses	-7.374	-3.799
Total receivable from Group Enterprises	119.954	115.415
Total payable from Group Enterprises	-118.603	-114.541

Group

Total payable to Altor Fund III GP Limited	-118.603	-114.541
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33 Cash flow statement

Group

Adjustments for cash flow statement

Figures in DKK '000	2023	2022
Depreciation, amortisation, impairment losses and write-downs	23.185	27.724
Result from equity investments in associate	0	0
Non cash transactions	-20.552	11.656
Financial income	-13.509	-3.087
Financial expenses	79.876	62.251
Tax on profit or loss for the year	34.178	5.098
Total	103.177	103.641

Parent

Adjustments for cash flow statement

Figures in DKK '000	2023	2022
Depreciation, amortisation, impairment losses and write-downs		
Result from equity investments in Group enterprises	-12.561	106.077
Financial income	-8.110	-4.179
Financial expenses	8.274	4.304
Total	-12.397	106.202

The statement of cash flows shows the Group's and parent 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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HAARSLEV GROUP HOLDING A/S

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