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# *Dinex A/S*

Fynsvej 39, DK-5500 Middelfart

## Annual Report for 2024

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CVR No. 10 50 44 73

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 30/6 2025

Niels Thorborg  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dinex A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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

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

Middelfart, 4 June 2025

## Executive Board

Torben Staal Dinesen  
CEO

## Board of Directors

Niels Thorborg  
Chairman

Kim Walther Østergaard

Torben Staal Dinesen

Jens Prytz Sørensen

Søren Klarskov Vilby

Birgit Bæk Thomsen

# Independent Auditor's report

To the shareholder of Dinex A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Dinex A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

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

## Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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.

# Independent Auditor's report

Trekantområdet, 4 June 2025

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Jan Bunk Harbo Larsen

State Authorised Public Accountant

mne30224

Lasse Berg

State Authorised Public Accountant

mne35811

## Company information

<b>The Company</b>	Dinex A/S Fynsvej 39 DK-5500 Middelfart  CVR No: 10 50 44 73 Financial period: 1 January - 31 December Incorporated: 1 November 1986 Municipality of reg. office: Middelfart
<b>Board of Directors</b>	Niels Thorborg, chairman Kim Walther Østergaard Torben Staal Dinesen Jens Prytz Sørensen Søren Klarskov Vilby Birgit Bæk Thomsen
<b>Executive Board</b>	Torben Staal Dinesen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

# Financial Highlights

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

	<b>Group</b>				
	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,883,545	2,035,373	2,208,622	2,193,819	1,727,418
Gross profit	505,624	566,789	516,880	533,278	405,053
EBITDA	247,863	291,173	257,538	323,112	230,095
Profit/loss of primary operations	178,877	212,993	188,215	256,954	169,133
Profit/loss of financial income and expenses	-82,053	-133,139	-66,791	-53,591	-42,926
Profit/loss before tax	96,823	79,854	112,168	206,232	125,487
Net profit/loss for the year	82,158	43,677	76,257	165,922	107,087
<b>Balance sheet</b>					
Balance sheet total	1,819,913	1,791,974	1,840,887	1,697,850	1,437,225
Investment in property, plant and equipment	64,053	51,186	101,067	112,843	106,708
Equity	435,918	351,301	334,972	249,969	276,557
Equity incl. minority interests and subordinated loan	635,918	551,301	534,972	449,969	476,557
Average invested capital incl. goodwill	1,214,192	1,305,667	1,234,377	1,055,362	972,742
Net interest-bearing debt	689,467	842,833	781,055	601,071	543,600
<b>Ratios</b>					
Gross margin	26.8%	27.8%	23.4%	24.3%	23.4%
EBITDA-margin	13.2%	14.3%	11.7%	14.7%	13.3%
Profit margin	9.5%	10.5%	8.5%	11.7%	9.8%
Net margin	4.4%	2.2%	3.5%	7.6%	6.2%
Return on invested capital incl. goodwill	6.8%	3.4%	6.2%	15.7%	11.0%
Financial gearing	1.6	2.4	2.3	2.4	2.0
Equity ratio incl. subordinated loan	34.9%	30.8%	29.1%	26.5%	33.2%
Solvency ratio	24.0%	19.6%	18.2%	14.7%	19.2%
Net interest-bearing debt to EBITDA	2.8	2.9	3.0	1.9	2.4
Return on equity	20.9%	12.7%	26.1%	63.0%	36.4%

See the description under accounting policies.

# Management's review

## Primary activities

The primary activity of the Dinex A/S Group is development, production and sales of exhaust and emission systems for trucks and industrial machines.

## Development in activities and finances

Customers in the Dinex Group are separated into two main segments - AEM customers (spare parts wholesalers) and OEM customers (manufacturers of diesel-powered vehicles - On Road and Off Road). The split in turnover between AEM 31% and OEM 69% is close to the same level as in 2023 (27% and 73%).

The operating profit (EBIT) of the Group was DKK 178,877 thousand against DKK 212,993 thousand in 2023 mainly as an effect of lower sales in Europe and China.

The result before tax for the Group was DKK 96,824 thousand against DKK 79,854 thousand in 2023.

The year-end total net results after tax for the Group was DKK 82,158 thousand and has increased compared to the 2023 level of DKK 43,677 thousand mainly due to reduced effect of negative currency fluctuations

The new production setup in China has not reached the expected outcome, due to the economical environment in China. We foresee it will take longer time before the Chinese market are at the expected level. The factory in India continued to expand its production to accommodate a higher demand from our customers.

Dinex furthermore keeps on investing in R&D and new technologies which is the reason for increasing the costs in 2024.

## Profit/loss for the year in relation to expected developments

In the outlook for 2024 Dinex expected to reach an EBITDA margin of 16-17%. The actual EBITDA margin for 2024 reached 13.2%, which is lower due to less revenue. However, due to expected higher turnover and efforts that have been initiated end of 2024, to reduce the operating expenses in relation to revenue, we expect to achieve an EBITDA margin above 15% for 2025.

## Unusual circumstances affecting recognition and measurement

Besides the current economic market turbulence, no unusual conditions have been noted in the actual financial year, which might have influenced this annual report positively or negatively.

## Outlook

We expect to have positive turnover development in 2025 with a growth in our aftermarket and OEM business. We expect in the coming years more growth in Indian OEM platforms as well as aftermarket growth in the US and European market.

The EBITDA margin, excluding special items, is expected to reach a level in the range of 15-16% as a result of increased turnover, several cost reduction initiatives, continued focus on efficiency, and investment in future technology.

The interest rates are expected to continue decreasing in 2025 compared to the rates in 2024. However, we also expect to decrease our costs on interest by decreasing our debt towards our banks by improved cash flow performance.

The level of investments in production machinery, technology and development projects are planned to be on a continued reasonable level in 2025 with focus on investments for new business growth.

# Management's review

Management estimates that the Group will achieve a turnover of DKK 2-2,1 billion and an EBITDA level of 15-16% in 2025 despite the continuing challenges in the macroeconomic environment.

## **Business in Russia**

The Dinex Group still owns a Russian subsidiary which produces emission reduction technology for heavy commercial vehicles, in line with Euro 5 emission standards. In compliance and respect of applicable EU sanctions, and following advice from our external legal counsel, the ownership remains strictly passive. This means there is no support, collaboration or guidance provided by any Group or Headquarter functions to the local management team, and communication is limited to a monthly reporting of financial and performance metrics. The subsidiary is still subject to Dinex' ethical guidelines, which among other things state that the company may not deliver to any military purposes.

The nature of the products produced at the Russian subsidiary makes them unfit for any military purposes, as the functionality needed to reduce harmful pollutants, drives the technical complexity, costs, and regular maintenance level far above that of standard exhaust systems. Thus, the products are only relevant for commercial vehicles that are subject to emission regulations.

The alternative to Dinex' passive ownership of the subsidiary, is local Russian ownership via either voluntary sales of the company, or an involuntary nationalization. In acknowledgement of the risk of Dinex' unique intellectual properties and production apparatus serving as a commercial advantage to Russian interests in local and foreign markets, Dinex will maintain the passive ownership without taking efforts to develop the business, as long as it remains the least advantageous approach for Russian interests.

## **Uncertainty relating to recognition and measurement**

Reference is made to note 1 for business in Russia

## **Particular risk**

### *Business risks*

Dinex primarily produces goods that are sold in a regulated emission market where governments and agencies control the emission standards. Sudden unexpected changes in emission standards can affect sales volume negatively for Dinex; sudden stricter emission standards require a development process before new emission products can be sold, and a sudden roll-back in emission standards requires change in production plans, product portfolio and similar.

Dinex has invested in a Joint Venture in China with a Chinese manufacturer as well as a Joint Venture in India. The return on the investments is highly dependent of the development in the Chinese and Indian market for emission products. The Indian Joint Venture is still in the buildup phase whereas the Joint venture in China has been negatively affected by the economic circumstances in China, but are expected to recover.

### *Russian business*

The board of directors recognizes the risks associated with the decision on passive ownership, particularly with regards to:

- Damage to reputation as well as risk for employees who may be exposed to critical publicity. We try to mitigate this risk by openly communicating the reasons behind our decision and guiding our employees on how to respond constructively and fact based to critical comments.
- Nationalization of the Russian subsidiary, resulting in loss of physical assets, intellectual property and/or legal action against our Russian employees. We seek to mitigate this risk by maintaining passive

## Management's review

ownership and allowing continued, independent operation without contributing with any development, support, or management of the business.

### *Credit risk*

The credit risks of the Group are primarily related to trade receivables, which at the end of 2024 were DKK 378,793 thousand against DKK 389,883 thousand in 2023. The customers can be grouped into two main categories, one being very large OEM manufacturers with strong financial figures and the second being a diversified portfolio of smaller aftermarket customers. Historic losses are very limited, which also was the case in 2024.

### *Currency and interest risks*

The consolidated financial statements are influenced by changes in exchange rates, as the result and equity of the subsidiaries are converted into Danish kroner at year-end based on average and year-end rates. Transactions are mainly in USD, CNY, INR, RUB and EURO. It's not the company policy to hedge against currency risks.

Based on currency positions as of December 31, these currencies are primarily the ones Dinex are exposed to: USD, RUB, TRY, INR and CNY. A 10% increase will not have a significant impact on the financial statements.

The currency risk of the Group is mainly managed through matching incoming and outgoing payment currencies, whereas active hedging using e.g., instruments is only used to a limited extent in line with the established policy. In connection with considerations about the future financing structure of the Dinex Group, Management has examined various possibilities of covering the risks connected with loan financing, cash flow in foreign currency and the related interest costs. In 2024, a total net exchange loss of DKK 12,864 thousand is realized, against a net loss of DKK 57,106 thousand in 2023. The exchange loss is mainly driven by loss in Turkish Lire and Russian Rubles.

Dinex's operation in Turkey is not affected by the fact that Turkey is seen as a country with Hyperinflation, as the functional and reporting currency is EUR.

### **Intellectual capital resources**

The employees in the Dinex Group cover a wide range. At year-end, the Group had 1,797 employees, including 69 in Denmark. We continue to utilize the knowledge within the group and have currently several expats in US to assist the growth potential of the US market.

### **Research and development activities**

The company's total costs for R&D make up approx. 2,2% of the revenue compared to 2,3% in 2023. We have, as in previous years, invested significantly in future technology in line with emission requirements to support the strategy and not at least meet the customer's demand.

We refer to note 9 in the consolidated financial statement for a brief description of our current development projects.

## **Statutory report on corporate social responsibility**

Dinex' main contribution to society is found in its development, production, and sale of Exhaust AfterTreatment Solutions for Heavy Duty applications. Dinex' technologies are today in use by Aftermarket and OEM customers in Europe, North America and Asia where they in compliance with local emission legislation is actively contributing to the reduction of harmful pollutants, such as ultra-fine particles and NOX-gasses in the exhaust gas of internal combustion engines operating on Diesel and Natural Gas fuels. Dinex'

# Management's review

technologies are already compatible with future low-carbon fuels such as bio-diesel, HVO, synthetic fuels and Hydrogen.

In 2024, the European Union finally confirmed the regulations of the upcoming emission standard Euro 7. Dinex is in close development collaboration with a number of vehicle manufacturers in both Europe, USA and India to be ready with technologies and production capacity for the implementation of both Euro 7 in 2028, and equivalent standards such as EPA27 in 2027, and the similar off-road standards Tier 5 and Stage VI.

During 2024, the Hydrogen dedicated laboratory in Bayreuth Germany scaled up the organization and was officially inaugurated. The lab focuses on innovation of catalyst technologies for both Hydrogen-powered Combustion Engines (H2-ICE) and Hydrogen Fuel Cells. The latter to be expected to see market penetration past 2030, but more and more signs are showing that vehicle manufacturers prioritize H2-ICE, to meet the earlier targeted steps towards decarbonization of on- and off-road applications.

## Our CSR focus in 2024 – activities and results

Dinex' activities within CSR and Sustainability are organized under our publicly available Sustainability Policy. Our overall target is to have a net-zero carbon footprint within Scope 1, 2 and 3 in 2040.

To achieve this target, our Sustainability Policy outlines 4 areas of specific focus:

1. Sustainable use of materials (environmental and indirect carbon footprint concerns)
  - a. Our policy is to reduce our use of virgin materials, reduce material process waste, and prioritize materials with a higher level of recyclability.
2. Sustainable consumption of resources (environmental and direct carbon footprint concerns)
  - a. Our policy is to reduce the consumption of electricity and fuels, and to prioritize low-carbon or carbon-free energy sources.
3. Socially sustainable employer (mainly employee relations and well-being concerns)
  - a. Our policy is to constantly improve the safety and comfort of our employees through initiatives for accident prevention and ergonomic training.
4. Partnerships for sustainability (mainly supply chain, societal and product concerns)
  - a. Our policy is to support the industry in which we are a part of to pursue the same targets as we are. We do this by working with suppliers to adapt similar policies, and to deliver innovate emission technology for future transport solutions.

Within the framework of this policy Dinex is collecting data from all its global sites and defining activities to improve the footprint of its operations. The majority of data points are in line with UN Sustainable Development Goals, and the results are shared in an annual ESG report, of which the most recent was published mid-year 2024. It is to be noted that the Group does not coordinate any CSR activities in companies with the status of passive investment and collects only data related to resource consumption as a part of the monthly financial reporting, for the purpose of mapping climate footprint.

## The Vision Zero project

In 2024 Dinex founded the Vision Zero project, with the ambition to consolidate all initiatives on Health & Safety, Ergonomics, Wellbeing and Sustainability under the same project framework. The Vision Zero is governed by a Steering Committee consisting of the Group CEO, a dedicated Project Manager, and key stakeholders in the organization.

In 2024 this has led to a number of on-site audits to major production sites, and in joint collaboration with local employees the ergonomic and wellbeing framework has been improved within targeted areas. An

# Management's review

important aim of the Vision Zero project is to empower local organizations to identify and improve their situation themselves, and the audits are at first a way to demonstrate to the local organization how to work with improvements.

Another initiative started in 2024 as a part of Vision Zero is the Green Box: A global system enabling all employees to file suggestions and ideas to reduce climate and environmental footprint. This led to over 230 proposals filed across employee groups, and 40% of those completed in 2024. The system will continue in 2025, as a mean to raise employee engagement in the sustainability journey.

## 1. Sustainable use of materials (environment)

The primary risk of our material consumption, both direct (product-related) and indirect (process consumables) is if we:

- Consume materials inefficiently.
- Fail to reuse materials that are still usable for alternative purposes.
- Fail to recycle waste materials in the most environmentally friendly way.
- Consume materials with a higher environmental or climate impact when alternatives are available.

The effect of such risks can lead to a higher environmental impact and an increased indirect carbon footprint. It can also lead to reputational damage, criticism by stakeholders, and failure to comply to legal and customer expectations.

Dinex complies with all legal obligations in its daily handling of waste materials. Moreover, as an example of our continuous strive towards improvements, the environmental management system of all production units is certified according to ISO 14001 which ensures that key trends within use and consumption of materials are monitored, and that reduction targets and activities are constantly defined.

Specifically, Dinex has been focusing in 2024 on reducing material waste and improving material efficiency. Significant improvements have been demonstrated in major production sites. The focus to reduce waste from poor quality will continue in 2025 with targets for all production locations to reduce between 10% and 20% compared to 2023.

## 2. Sustainable consumption of resources (climate)

Resource consumption is traced in Dinex in the form of mainly usage of electricity, fuels, and services such as transportation and travelling. The primary risk of our resource consumption is if we increase our emissions of greenhouse gasses.

## Management's review

The 2024 GHG reporting is still preliminary, as many sites are still awaiting their final utility settlements, but the below figures are expected to deviate by maximum 5% when all is settled.

Scope	2021	2022	2023	2024
Scope 1	3.890,9 ton	4.129,4 ton	4.050,8 ton	3.957,5 ton
Scope 2 (market based)	6.800,6 ton	6,196,2 ton	5.589,8 ton	4.461,6 ton
<b>Total Scope 1 &amp; 2</b>	<b>10.691,5 ton</b>	<b>10.325,6 ton</b>	<b>9.640,6 ton</b>	<b>8.419,1 ton</b>
Scope 3 (transport only)	*10.207,0 ton	*Not calculated	*Not calculated	*Not calculated
<b>Total Scope 1, 2 &amp; 3</b>	<b>20.895,5 ton</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

*\*2021 Scope 3 Transport figure is based on the GHG Protocol spend-based model, which due to the drastic increase in transport prices during 2022 was deemed inappropriate going forward. A new and more accurate methodology is expected ready during Q1, together with tracking of material up-stream footprint, which will be utilized for 2023 and 2024 with reverse effect*

Preliminary results shows a reduction in total GreenHouse Gasses in the Dinex Group of 14%, and in relation to activity level by 12% (measured as CO2 emitted per value-adding production hour). The main trend drivers that have affected the emission of GreenHouse Gasses in 2024 are:

- Full effect of the green electricity sourcing contract established mid-year 2023 for our largest production plant in Turkey, decarbonizing a total 4.837 MWh of electricity. Similar agreement was made in 2024 for our distribution center in Hassloch.
- A number of improvements of calcination ovens in both Turkey, India and China, reducing energy consumption significantly without affecting output.
- Reduced activity in Dinex Turkey compared to 2023.
- Reduced carbon footprint of electricity in Latvia of roughly 40%

As a part of strategic planning, Dinex is working on establishing a long-term roadmap for our reduction of GreenHouse Gasses, breaking our targeted reduction from 2021 level, into the following steps:

- 2030: ÷50%
- 2035: ÷75%
- 2040: ÷100%

The roadmap will outline the major activities to bring down our emissions in the coming years, supporting the running target setting of 5-10% reduction year over year, which all Dinex locations are committing to at the annual target setting in January, and are accountable for achieving through locally defined activities.

Furthermore, Dinex has publicly committed to long-term target setting with SBTi, and expects to have the above mentioned road-map validated.

*Statement on climate accounting practices:*

All reporting of climate related emissions is stated in the unit CO2e always calculated using latest GWP figures available. Reporting period runs from the 1st of January to 31st of December.

## Management's review

No Dinex locations are excluded from the reporting, except Joint Ventures. Scope 1 includes all combustion of the following materials, at Dinex' locations and company owned/leased vehicles:

Fuel	Reporting unit	Energy content [kWh/unit]	GHG emissions [tons CO <sub>2</sub> e/MWh]	Source
Natural gas (public supply)	[cbm]	11,270	0,240	LCA Factors, European Commission 2017
Diesel fuel	[liters]	10,722	0,306	LCA Factors, European Commission 2017
Petrol	[liters]	9,500	0,314	LCA Factors, European Commission 2017
Heating oil	[cbm]	10.350,000	0,306	Local information
LPG (bottled)	[kg]	13,600	0,281	LCA Factors, European Commission 2017
Natural gas (bottled)	[kg]	15,300	0,240	Local information

Scope 1 also includes refrigerants consumed for servicing air condition units at our premises. GHG potential of the refrigerants used are based on IPCC's Fifth Assessment report.

Scope 2 is calculated using the latest set of Production Mix Emission Factors available from Carbon Footprint Ltd. The only cases where Market figures are being used are in cases where a specific site has consumed electricity in partial from renewable sources, which has not been the case in this reporting period.

### 3. Socially sustainable employer (human rights and resources)

As an employer who prioritizes and strives towards what we refer to as "social sustainability", a Dinex' aim is not only to ensure a decent workplace, but also a workplace which motivates, engages and develops its employees. The primary risk if we fail to do so is that we:

- Fail to comply to Ethical policy and Code of Conduct of decent employment.
- Loose employees due to lack of satisfaction with the conditions of employment or the work environment.
- Gain a poor reputation as an employer, affecting our ability to attract future need competences.

Dinex respects human rights, including gender, race, color, religion or belief, political opinion, sexual orientation, age, disability and national, social, or ethnic origin. In order to mitigate the risk, the Group has an open communication culture, conducts subsidiary visits and urges for any critical circumstances to be notified to Group Management. Human rights are handled within the guidelines of the Group Code of Conduct.

The Group endorses the protection of internationally proclaimed human rights, and anyone who works directly or indirectly for Dinex Group should be entitled to his or her human rights.

The Group does not allow modern slavery, i.e., servitude and forced or compulsory labor and human trafficking. It is confirmed that the Group Management for this reporting year is not aware of examples of human rights violations and do not expect this in the years to come.

Dinex is continuing to actively promote our 5 company values in our relations internally, to customers and to suppliers. It is our belief that these values represent a healthy, motivating, and fair work approach and leadership discipline, and it is important for us that decisions, failures and successes are seen in relation to our values, disregarding where in the world we operate. This we secure continuously through our leadership policies, our onboarding of new employees and regular training of existing ones.

For organizational reasons we did not manage to conduct our annual Global Engagement Survey in 2024, where we invite all employees to rate how well Dinex is performing within a number of parameters all deemed vital for a socially sustainable employer. The parameters are Company Values, Strategy, Engagement, Wellbeing, Information, Knowledge, Assignments (workload), Development (personal), Colleagues, and

# Management's review

Manager. The survey has been completed in the beginning of 2025, and will serve as an important input to our further activities for Wellbeing in the Vision Zero project and locally.

## Work Environment

Dinex' primary key figures for Work Environment is Voluntary Turnover and Short-Term Sickness. Voluntary Turnover is calculated as a percentage representing the number of employees out of the total hired, who within the reporting period have decided at their own initiative to resign from their position at Dinex. Short term sickness is reported as a percentage of all work hours expected available within the reporting period, which was lost due to absence caused by unexpected sickness, lasting no more than 10 working days in total.

"Voluntary employee turnover amounted to a total of 1,0 % in 2024, which is in line with the expected target for the year. This strong result is driven by a high degree of stability across all entities. Only DUS experienced a higher level of fluctuations in the number of voluntary resignations, primarily among welders, who are generally difficult both to attract and retain in Dublin US."

"The short-term sickness rate in 2024 ended close to target, reaching 1.6% compared to the expected target of 1.4% for the year. Our target has deliberately been ambitious, and all entities have succeeded in delivering significantly better results compared to the previous year and earlier. However, Latvia must continue to focus intensely on promoting initiatives that will lead to even better outcomes, as sickness absence in Latvia remains the highest among all entities."

## 4. Partnerships for sustainability (supply chain, society, and innovations)

The primary risks if Dinex does not comply with its responsibility as a partner for promoting and enabling practices for aiding the sustainable agenda, are:

- If we do not support our customers' ambitions within sustainability.
- If we do not manage to push our suppliers to support our ambitions within sustainability.
- If we do not support local initiatives for sustainability in the local communities in which we operate.
- If we do not manage to develop technological solutions to support future trends within cleaner and greener mobility.

Dinex' customers have a long history of setting ambitious demands to its suppliers for aiding sustainability. Our European OEM customers are all part of the Global Automotive Sustainability Guiding Principles, which requires Dinex to report and document its compliance annually in an online Self-Assessment Questionnaire. Dinex is reporting in compliance with version 5.0 of this questionnaire.

### Pushing sustainability and human rights through the value chain

Dinex has an ambitious Ethical Policy (Code of Conduct) when it comes to our internal standards on human rights. We endorse the internationally proclaimed human rights and expect everyone working directly or indirectly with Dinex to do the same.

Each year Dinex is aiming to increase its spend with suppliers who are committed to the same principles of the Dinex' Code of Conduct, and are thereby pushing similar principles through its supply chain. Our target is to have at least 95% of our suppliers committed. For 2024 FY, the level is relatively unchanged from the 2023 FY level at 88,2% but we will continue to push for commitments from more suppliers.

# Management's review

## **Circularity and “Right to Repair”**

Dinex continues to push for alternative solutions for the Aftermarket that promote more durable products, and solutions that are easier to do targeted repairs for, rather than having to replace entire units.

In 2024 Dinex continued to release new products that aids Remanufacturability of Euro VI Emission Silencers. As the only supplier in Europe, Dinex DPF-, DOC- and SCR-technologies are fully Type Approved, and thereby the only source for remanufacturing workshops to retain the vehicle's Type Approval.

On numerous occasions Dinex has also demonstrated commitment and support to the “Right to Repair” movement that is gaining momentum in the industry in both Europe and North America. The purpose of this movement is to counteract a growing trend among vehicle manufacturers that prevents repairs from being conducted by independent workshops and/or using independent Aftermarket spare parts. Dinex is of the opinion that this trend obstructs a free and competitive market, and limits vehicle owners options for vehicle service and repair, to OE workshops.

## **Preparing for CSRD**

According to current regulation, Dinex is expected to be disclosing it's sustainability activities for the first time in 2026, based on the financial year 2025. During 2024, Dinex completed its Double Materiality Assessment with 535 material disclosure points, mainly centered in the ESRS-standards Climate Action (E1) and Own Workforce (S1). We thereby commenced the work on collecting Data and Narratives for the upcoming report, and as per year end 2024 the vast majority of all quantitative disclosure points have been established.

We are following closely the outcome of the announced Omnibus proposal by the European Commission in February 2025, as it will postpone Dinex' disclosure obligation by 2 years. Dinex will continue to prepare, but in a more modest approach prioritizing actions and data quality, and resuming the annual disclosure in our regular ESG report.

## **Looking ahead: 2025**

The 2025 target for Voluntary Turnover has been slightly tightened to 1,0 % while the Short Term Sickness target remains at 1,4%. Dinex will continue to pursue these targets through the initiatives driven forth by the Vision Zero project, promoting Health & Safety, Ergonomics and Wellbeing together with Sustainability.

A Vision Zero Audit has been conducted in our Chinese facility in early 2025, and another is scheduled in our US facility. Together with the results of our Global Employee Survey that will be conducted latest in April, we expect to identify further improvement points that will set the direction for key focus areas for the rest of the year.

We have set a global target to reduce our Scope 1 and 2 CO<sub>2</sub>e emissions by 10% globally, measured per activity level. In 2025 we also expect to finalize our GreenHouse Gas Scope 3 tracking on primary emission categories, and will pursue a reduction of 5% compared to 2024.

## **Statutory report on Anti-corruption**

Dinex operates with local entities in 13 countries globally, some in regions where a certain common business culture is different from that of western ethics and morality, resulting in a potential risk of corrupt behavior. For this reason, we have mandatory onboarding of all new employees to introduce our corporate policies – specifically our Code of Conduct and External Relations Policy – in which we take a clear stand as having zero tolerance to any form of gifts, cash-payments, kick-back, or other types of services and practices with the clear intention of affecting decision making through unfair trade practices.

## Management's review

All Dinex employees are expected to refrain from using such practices, reject such if offered to themselves by either customers, suppliers, or other internal and external parties, and furthermore to report any knowledge about situations of non-compliance to Group Management.

We also welcome any external parties that gain knowledge of non-compliant practices involving the Dinex Group, to report such knowledge to the Group Management. Doing so is possible for all, disregarding nationality or position, via our online Whistleblower / Grievance system. The system is publicly available through the Dinex website ([www.dinex.net](http://www.dinex.net)) and using it will result in an anonymized (if the reporter wishes to) message to the local general manager of the entity involved, with a copy shared to the Group CHRO.

As a result of the work we're doing to prevent corruption in the Dinex Group, the management has no awareness of, or seen any reason to suspect, that breaches of our policies has occurred during 2024.

With a view to future focuses and activities, Dinex will emphasis even more on ethical leadership and setting the tone from the top on anti-corruption. This includes ensuring that top management demonstrates a commitment to integrity and ethical behavior, leading by example, and holding themselves and others accountable for compliance with anti-corruption requirements. Furthermore, we wish to bring all global pre- & onboarding processes to the next level and thereby further increase awareness and focus on anti-corruption policies, procedures, regular audits, and training.

### Gender composition

The automotive industry, in this regard both the Aftermarket and the OEM industry, is a highly male-dominated segment, with few outliers in terms of specific functions. This fact is also reflected in Dinex' gender composition, where men represent the majority.

Dinex considers gender diversity as an advantage: In terms of team effectiveness, in terms of more holistic leadership, and in terms of better decision making. The low share of women we see in certain organizational layers is not a result of a deliberate way of working or recruiting. We wish to pursue a more equal composition in all organizational levels, thus respecting that with the way the labor market in the automotive industry is composed today, it is not realistic within a foreseeable time frame to achieve a completely equal composition (40/60 share). Our targets represent what we see as realistic within a 4-year time frame.

Leadership level		2019	2020	2021	2022	2023	2024
Dinex A/S	Board of Directors						
	Total members	6	6	6	6	6	6
	Share of underrepresented gender	0%	16%	16%	16%	16%	16%
	Target share	30%	30%	30%	30%	33%	33%
	Expected year of achievement	N/A	N/A	N/A	N/A	2028	2028
	Executive Board						
	Total members	1	1	1	1	2	2
	Share of underrepresented gender	0%	0%	0%	0%	0%	0%
	Target share	N/A	N/A	N/A	N/A	N/A	N/A
	Expected year of achievement	N/A	N/A	N/A	N/A	N/A	N/A
	Top Leadership level (Other Management level)						
	Total members	5	8	5	5	6	5
	Share of underrepresented gender	20%	25%	0%	0%	33%	40%
	Target share	30%	30%	30%	30%	Target reached	Target reached
Expected year of achievement	N/A	N/A	N/A	2023			
Group	Total Employees						
	Total members	1.513	1.438	1.626	1.890	1.539	1.516
	Share of underrepresented gender	20%	18%	18%	17%	15%	15%

## Management's review

We are satisfied with the gender composition of the Top Leadership level for which we achieved a 40% share of the underrepresented gender, and thereby meets the definition of equal share, and for this reason a new target has not been defined, as we will focus our efforts in other organizational levels.

Dinex is actively pursuing the ambitions of promoting diversity in the industry through a number of initiatives. We are using AI-tools to check all job advertisements and descriptions to avoid wordings or sentences that unintentionally creates gender bias, and thus limiting the number of female candidates for open positions. We are intentionally promoting our female employees on social media on given occasions, such as the International Women in Science day, and the monthly Meet the Team videos. Finally, our Group Leadership team is still actively engaged in Talents4AA: An association formed by leading Aftermarket suppliers, International Buying Groups and Interest Organisations, with a declared goal of promoting diversity in the Aftermarket Industry.

### Statutory report on data ethics policy

Dinex takes its responsibility as data controller seriously, as we want to be perceived as a respected, competent, and proper business partner who complies with current legislation and follows developments in good data ethics.

The 3 principles of the Dinex policy on data ethics and responsible handling of personal data:

1. Respect for the privacy of grant recipients, applicants and employees is a fundamental value.
2. All Dinex employees who access personal data, proprietary knowledge, trade secrets etc., have signed a declaration of confidentiality. Any such data is always kept to a minimum in order to fulfil the purpose, is stored securely, kept accurate, retained for no longer than necessary, and is only used for a specific and legitimate business.
3. Dinex only discloses the applicants' data to authorities if there is an obligation to do so according to legislation and authority decisions.

The Group recognizes that our most effective tool to prevent improper data handling, is to train our employees, and has therefore in 2023 intensified its focus on teaching good data practices among employees. We have conducted several online, interactive training modules teaching the risks of improper data handling, which are mandatory for all employees to complete and pass. To verify the efficiency of these training courses we regularly test employees' awareness of threats by sending out false requests to select groups of employees and register their actions to those. This is an initiative that will be ongoing throughout 2025 as well.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of the annual report.

## Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Revenue	2	1,883,545	2,035,373	257,604	288,266
Production expenses	3	-1,377,921	-1,468,584	-242,317	-273,024
<b>Gross profit</b>		<b>505,624</b>	<b>566,789</b>	<b>15,287</b>	<b>15,242</b>
Distribution expenses	3	-129,005	-142,283	-24,082	-21,729
Administrative expenses	3	-199,434	-213,702	-106,927	-113,097
<b>Operating profit/loss</b>		<b>177,185</b>	<b>210,804</b>	<b>-115,722</b>	<b>-119,584</b>
Other operating income	4	3,325	6,655	130,256	143,744
Other operating expenses		-1,633	-4,466	0	0
<b>Profit/loss before financial income and expenses</b>		<b>178,877</b>	<b>212,993</b>	<b>14,534</b>	<b>24,160</b>
Income from investments in subsidiaries		0	0	113,952	75,795
Income from investments in associates		-2,061	-5,303	-2,061	-5,303
Financial income	5	20,706	2,700	15,313	8,509
Financial expenses	6	-100,698	-130,536	-63,672	-65,856
<b>Profit/loss before tax</b>		<b>96,824</b>	<b>79,854</b>	<b>78,066</b>	<b>37,305</b>
Tax on profit/loss for the year	7	-14,666	-36,177	4,092	6,372
<b>Net profit/loss for the year</b>	8	<b>82,158</b>	<b>43,677</b>	<b>82,158</b>	<b>43,677</b>

## Balance sheet 31 December

### Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Completed development projects		44,129	44,724	21,505	28,792
Acquired concessions		5,564	10,784	4,799	6,244
Development projects in progress		47,484	33,457	40,719	27,209
<b>Intangible assets</b>	9	<b>97,177</b>	<b>88,965</b>	<b>67,023</b>	<b>62,245</b>
Land and buildings		253,628	255,135	0	0
Plant and machinery		213,123	202,036	20,097	15,519
Other fixtures and fittings, tools and equipment		45,495	54,366	3,374	3,041
Leasehold improvements		0	0	8,987	10,342
Property, plant and equipment in progress		52,575	33,966	0	0
<b>Property, plant and equipment</b>	10	<b>564,821</b>	<b>545,503</b>	<b>32,458</b>	<b>28,902</b>
Investments in subsidiaries	11	0	0	1,090,897	1,014,500
Investments in associates	12	41,114	42,010	41,114	42,010
Receivables from group enterprises	13	0	0	82,932	149,343
Other receivables	13	1,169	1,168	0	0
<b>Fixed asset investments</b>		<b>42,283</b>	<b>43,178</b>	<b>1,214,943</b>	<b>1,205,853</b>
<b>Fixed assets</b>		<b>704,281</b>	<b>677,646</b>	<b>1,314,424</b>	<b>1,297,000</b>
<b>Inventories</b>	14	<b>371,020</b>	<b>388,654</b>	<b>32,264</b>	<b>42,723</b>
Trade receivables		364,973	381,110	5,265	7,384
Receivables from group enterprises		0	0	110,696	192,297
Receivables from associates		13,820	8,774	0	0
Other receivables		76,028	106,624	2,581	8,324
Deferred tax asset	15	77,419	62,977	0	0
Corporation tax		20,802	20,607	6,623	0
Prepayments	16	17,238	13,170	6,964	5,529
<b>Receivables</b>		<b>570,280</b>	<b>593,262</b>	<b>132,129</b>	<b>213,534</b>

## Balance sheet 31 December

### Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand	17	174,332	132,412	591	4
Current assets		1,115,632	1,114,328	164,984	256,261
Assets		1,819,913	1,791,974	1,479,408	1,553,261

# Balance sheet 31 December

## Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Share capital	18	2,250	2,250	2,250	2,250
Reserve for net revaluation under the equity method		0	0	264,283	351,996
Reserve for development costs		0	0	48,535	43,681
Reserve for exchange rate conversion		3,214	1,362	0	0
Retained earnings		430,454	347,689	120,850	-46,626
<b>Equity</b>		<b>435,918</b>	<b>351,301</b>	<b>435,918</b>	<b>351,301</b>
Provision for deferred tax	15	19,853	27,924	1,694	4,106
Other provisions	19	377	377	0	0
<b>Provisions</b>		<b>20,230</b>	<b>28,301</b>	<b>1,694</b>	<b>4,106</b>
Subordinate loan capital		200,000	200,000	200,000	200,000
Mortgage loans		54,698	58,665	0	0
Credit institutions		14,000	55,000	14,000	26,000
Lease obligations		16,438	16,636	13,227	12,021
Other payables		4,333	4,261	4,333	4,261
<b>Long-term debt</b>	20	<b>289,469</b>	<b>334,562</b>	<b>231,560</b>	<b>242,282</b>
Mortgage loans	20	3,854	3,600	0	0
Credit institutions	20	769,656	835,737	735,520	832,966
Lease obligations	20	5,153	5,607	3,747	3,005
Trade payables		232,359	162,609	14,334	15,971
Payables to group enterprises		0	0	46,075	92,181
Corporation tax		4,748	9,978	0	0
Other payables	20	58,526	60,279	10,560	11,449
<b>Short-term debt</b>		<b>1,074,296</b>	<b>1,077,810</b>	<b>810,236</b>	<b>955,572</b>
<b>Debt</b>		<b>1,363,765</b>	<b>1,412,372</b>	<b>1,041,796</b>	<b>1,197,854</b>
<b>Liabilities and equity</b>		<b>1,819,913</b>	<b>1,791,974</b>	<b>1,479,408</b>	<b>1,553,261</b>

# Balance sheet 31 December

## Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Uncertainty relating to recognition and measurement	1				
Contingent assets, liabilities and other financial obligations	23				
Related parties	24				
Fee to auditors appointed at the general meeting	25				
Subsequent events	26				
Accounting Policies	27				

## Statement of changes in equity

### Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	2,250	1,362	347,689	351,301
Exchange adjustments	0	1,852	0	1,852
Other equity movements	0	0	607	607
Net profit/loss for the year	0	0	82,158	82,158
<b>Equity at 31 December</b>	<b>2,250</b>	<b>3,214</b>	<b>430,454</b>	<b>435,918</b>

### Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	2,250	351,996	43,681	-46,626	351,301
Exchange adjustments	0	1,852	0	0	1,852
Dividend from group enterprises	0	-201,455	0	201,455	0
Other equity movements	0	0	4,854	-4,247	607
Net profit/loss for the year	0	111,890	0	-29,732	82,158
<b>Equity at 31 December</b>	<b>2,250</b>	<b>264,283</b>	<b>48,535</b>	<b>120,850</b>	<b>435,918</b>

## Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		TDKK	TDKK
Result of the year		82,158	43,677
Adjustments	21	151,221	178,826
Change in working capital	22	123,332	-87,041
<b>Cash flow from operations before financial items</b>		<b>356,711</b>	<b>135,462</b>
Financial income		9,841	1,683
Financial expenses		-76,969	-72,415
<b>Cash flows from ordinary activities</b>		<b>289,583</b>	<b>64,730</b>
Corporation tax paid		-42,604	-50,715
<b>Cash flows from operating activities</b>		<b>246,979</b>	<b>14,015</b>
Purchase of intangible assets		-29,627	-16,371
Purchase of property, plant and equipment		-64,053	-59,169
Fixed asset investments made etc		0	-343
Sale of property, plant and equipment		67	89
<b>Cash flows from investing activities</b>		<b>-93,613</b>	<b>-75,794</b>
Repayment of other long-term debt		-115,737	-46,032
Lease obligations incurred		4,291	6,586
Raising of other long-term debt		0	92,523
<b>Cash flows from financing activities</b>		<b>-111,446</b>	<b>53,077</b>
<b>Change in cash and cash equivalents</b>		<b>41,920</b>	<b>-8,702</b>
Cash and cash equivalents at 1 January		132,412	141,114
<b>Cash and cash equivalents at 31 December</b>		<b>174,332</b>	<b>132,412</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		174,332	132,412
<b>Cash and cash equivalents at 31 December</b>		<b>174,332</b>	<b>132,412</b>

# Notes to the Financial Statements

## 1. Uncertainty relating to recognition and measurement

### Business in Russia

The Russian sales and manufacturing subsidiary produces exhaust systems with catalytic technologies for heavy-duty applications (trucks, etc.). Based on the previous setup and to continue compliance with EU sanctions, the operational management of the Russian business is handed over to local management. However, the passive ownership and the control over the Russian company has been maintained and therefore the subsidiary is fully consolidated within Dinex Group financial statements.

At the balance sheet date, the Russian subsidiary is recognised in the consolidated financial statements with revenue totalling DKK 274m (2023: DKK 289m), assets totalling DKK 201m (2023: DKK 168m) and in the financial statements with net assets totalling DKK 128m (2023: DKK 106m). The Russian subsidiary's profit for 2024 accounts for the considerable share of the Group's and the Parent's results. The activity level in Russia has been maintained at an unchanged level with an increased profit. Activity level and profit is expected to be maintained at the current level in 2025 as a minimum.

The Group has carried out an impairment test that supports the valuation of the Russian subsidiary. Assumptions of the impairment test are based on Management's budget for 2025 and forecast with annual growth of 5% until 2029. The exchange rate used in forecast for 2026-29 is assumed to be unchanged at the budget level for 2025 at 0,0750. A discount rate of 37% was used for the impairment test.

The impairment test does not show any indication of impairment.

As it appears from the general media coverage and as also stated in the management commentary, due to the geopolitical situation, there is increased risks associated with the Group's net assets in Russia.

Dinex is closely following the development in Ukraine and comply with sanctions decided by US/EU against Russia. Dinex has and will continue to adapt the business and management setup on an ongoing basis, taking into account increased requirements and continuous tightening of sanctions in Russia.

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>2. Revenue</b>				
<b>Geographical segments</b>				
Denmark	6,835	11,938	6,835	8,885
Europe	772,135	518,652	240,197	279,381
Turkey and middle east	348,002	787,149	1,387	0
Russia	274,473	289,162	0	0
Asia	299,205	274,609	3,223	0
Other	182,895	153,863	5,962	0
	<b>1,883,545</b>	<b>2,035,373</b>	<b>257,604</b>	<b>288,266</b>
<b>Business segments</b>				
AEM	588,600	544,763	257,452	286,089
OEM	1,294,945	1,490,610	152	2,177
	<b>1,883,545</b>	<b>2,035,373</b>	<b>257,604</b>	<b>288,266</b>

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>3. Staff</b>				
Wages and salaries	208,003	219,234	70,920	80,018
Pensions	5,091	7,829	3,687	4,186
Other social security expenses	42,394	48,120	287	489
	<b>255,488</b>	<b>275,183</b>	<b>74,894</b>	<b>84,693</b>

Remuneration for 2024 to the Executive Board amounts to TDKK 8,829 (2023: TDKK 7,851) and the Board of Directors TDKK 800 (2023: TDKK 800).

<b>Average number of employees</b>	<b>1,797</b>	<b>1,866</b>	<b>69</b>	<b>81</b>
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## 4. Other operating income

Other operating income consist of received management fee, royalties, it-fee and other administrational intercompany charges. Further more other operating income consist of sales of assets.

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>5. Financial income</b>				
Interest from group enterprises	0	0	9,819	8,334
Other financial income	9,841	1,683	18	0
Exchange adjustments	10,865	1,017	5,476	175
	<b>20,706</b>	<b>2,700</b>	<b>15,313</b>	<b>8,509</b>

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>6. Financial expenses</b>				
Interest to group enterprises	0	0	3,020	1,600
Other financial expenses	76,969	72,414	58,727	61,094
Exchange adjustments, expenses	23,729	58,122	1,925	3,162
	<b>100,698</b>	<b>130,536</b>	<b>63,672</b>	<b>65,856</b>

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>7. Income tax expense</b>				
Current tax for the year	39,339	58,537	3,013	1,023
Deferred tax for the year	-20,209	-35,750	-7,105	-8,034
Adjustment of tax concerning previous years	-4,464	13,390	0	639
	<b>14,666</b>	<b>36,177</b>	<b>-4,092</b>	<b>-6,372</b>

	Parent company	
	2024	2023
	TDKK	TDKK
<b>8. Profit allocation</b>		
Reserve for net revaluation under the equity method	111,890	65,600
Retained earnings	-29,732	-21,923
	<b>82,158</b>	<b>43,677</b>

# Notes to the Financial Statements

## 9. Intangible fixed assets

	Group			Parent company		
	Completed development projects	Acquired concessions	Development projects in progress	Completed development projects	Acquired concessions	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	152,211	26,847	33,457	118,696	14,342	27,208
Exchange adjustment	503	223	122	0	0	0
Additions for the year	2,319	627	26,681	0	252	19,358
Disposals for the year	-72,350	-199	0	-71,315	-199	0
Transfers for the year	19,097	-6,321	-12,776	5,847	0	-5,847
Cost at 31 December	101,780	21,177	47,484	53,228	14,395	40,719
Impairment losses and amortisation at 1 January	107,487	16,065	0	89,903	8,097	0
Exchange adjustment	143	138	0	0	0	0
Amortisation for the year	17,332	3,589	0	13,111	1,698	0
Reversal of impairment and amortisation of sold assets	-71,291	-199	0	-71,291	-199	0
Transfers for the year	3,980	-3,980	0	0	0	0
Impairment losses and amortisation at 31 December	57,651	15,613	0	31,723	9,596	0
<b>Carrying amount at 31 December</b>	<b>44,129</b>	<b>5,564</b>	<b>47,484</b>	<b>21,505</b>	<b>4,799</b>	<b>40,719</b>

Development projects are recognized on the basis of expected future exploitation and when potential future market or technology in the business can be established.

Current advanced development projects include, among other things stage V and VI after-treatment technologies for the European off-road market, BSVI, CEV-V and CPCB4+ after-treatment technologies for the Indian market (on-road, offroad and stationary respectively), improvements to CN6 after-treatment systems and component technologies for the on-road Chinese market, TIER 5 aftertreatment technologies for the US off-road market and finally Euro 7, BS7 and CN7 technologies for the on-road markets in Europe, India and China respectively. In addition, in the framework of CO2 regulations, advanced projects also include the development of aftertreatment systems for combustion engines running on hydrogen (H2) and the development of catalyst coated membranes for future mobile and stationary applications running on Fuel Cells.

All the projects share the view that they reflect current and future environmental requirements for the respective markets and are thus considered a prerequisite for the future economic growth in these markets.

Through the company's long-established know-how in emission technologies and its advanced test center facilities they consider the development projects technically feasible to complete and intend to utilize future technology in the respective markets where they already have established sales channels and unique customer relations.

The valuation of the recognized development projects is based on the actual costs incurred for the development projects. The time registration of employees involved in the development projects considers it reliable and possible to measure the costs attributable to the individual projects.

## Notes to the Financial Statements

### 10. Property, plant and equipment Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	327,404	488,991	140,140	33,966
Exchange adjustment	177	4,258	1,861	603
Additions for the year	7,666	21,731	13,776	20,880
Disposals for the year	-8,045	-5,211	-5,441	-65
Transfers for the year	-456	19,275	-16,010	-2,809
Cost at 31 December	<u>326,746</u>	<u>529,044</u>	<u>134,326</u>	<u>52,575</u>
Impairment losses and depreciation at 1 January	72,269	286,953	85,774	0
Exchange adjustment	349	2,015	944	0
Depreciation for the year	8,545	32,174	7,523	0
Reversal of impairment and depreciation of sold assets	-8,045	-5,221	-5,410	0
Impairment losses and depreciation at 31 December	<u>73,118</u>	<u>315,921</u>	<u>88,831</u>	<u>0</u>
<b>Carrying amount at 31 December</b>	<u><b>253,628</b></u>	<u><b>213,123</b></u>	<u><b>45,495</b></u>	<u><b>52,575</b></u>
Including assets under finance leases amounting to	<u>0</u>	<u>29,395</u>	<u>0</u>	<u>0</u>

## Notes to the Financial Statements

### Parent company

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK
Cost at 1 January	82,746	14,000	19,322
Additions for the year	7,290	1,061	3,630
Disposals for the year	-54	-1,303	-6,233
Cost at 31 December	<u>89,982</u>	<u>13,758</u>	<u>16,719</u>
Impairment losses and depreciation at 1 January	67,229	10,958	8,979
Depreciation for the year	2,681	729	831
Reversal of impairment and depreciation of sold assets	-25	-1,303	-2,078
Impairment losses and depreciation at 31 December	<u>69,885</u>	<u>10,384</u>	<u>7,732</u>
<b>Carrying amount at 31 December</b>	<b><u>20,097</u></b>	<b><u>3,374</u></b>	<b><u>8,987</u></b>
Including assets under finance leases amounting to	<u>18,538</u>	<u>0</u>	<u>0</u>

# Notes to the Financial Statements

	Parent company	
	2024	2023
	TDKK	TDKK
<b>11. Investments in subsidiaries</b>		
Cost at 1 January	677,314	677,314
Additions for the year	163,214	0
Cost at 31 December	<u>840,528</u>	<u>677,314</u>
Value adjustments at 1 January	337,186	323,585
Exchange adjustment	687	-25,005
Net profit/loss for the year	115,319	73,763
Dividend to the Parent Company	-201,455	-37,189
Change in intercompany profit	-1,368	2,032
Value adjustments at 31 December	<u>250,369</u>	<u>337,186</u>
<b>Carrying amount at 31 December</b>	<b><u>1,090,897</u></b>	<b><u>1,014,500</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Dinex Exhausts Ltd.	England	100%
Dinex Latvia SIA	Latvia	100%
Dinex Italia SRL	Italy	100%
Dinex Polska Sp. z.o.o	Poland	100%
Dinex Iberica Sistemas de escape, S.L.U	Spain	100%
Dinex France SAS	France	100%
Dinex Deutschland GmbH	Germany	100%
Dinex Emission Inc.	USA	100%
Dinex RUS LLC	Russia	100%
Dinex Emission Solutions India Pvt. Ltd	India	100%
Dinex Egzoz Ve Emisyon A.S	Turkey	100%
DTR Egzoz Dış Ticaret A.Ş	Turkey	100%
Dinex Emission System Changzhou Co., Ltd	China	100%
Dinex Balkan D.O.O.	Serbia	100%
Dinex Ejendomme ApS	Denmark	100%
Dinex Finland OY	Finland	100%
3C Fynsvej A/S	Denmark	100%
Dinex DPF Technology co.ltd.	China	100%

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>12. Investments in associates</b>				
Cost at 1 January	27,200	26,857	27,200	26,857
Additions for the year	0	343	0	343
Cost at 31 December	27,200	27,200	27,200	27,200
Value adjustments at 1 January	14,810	21,813	14,810	21,813
Exchange adjustment	1,165	-1,700	1,165	-1,700
Net profit/loss for the year	-2,061	-5,303	-2,061	-5,303
Value adjustments at 31 December	13,914	14,810	13,914	14,810
<b>Carrying amount at 31 December</b>	<b>41,114</b>	<b>42,010</b>	<b>41,114</b>	<b>42,010</b>

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
Dinex Tongda Emission Solutions Co.	China	50%
Active Dinex Emission Solutions Private Limited	India	50%

## 13. Other fixed asset investments

	Group	Parent company
	Other receivables	Receivables from group enterprises
	TDKK	TDKK
Cost at 1 January	1,168	149,343
Additions for the year	1	0
Disposals for the year	0	-66,411
Cost at 31 December	1,169	82,932
<b>Carrying amount at 31 December</b>	<b>1,169</b>	<b>82,932</b>

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent company</b>	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>14. Inventories</b>				
Raw materials and consumables	154,883	184,774	3,770	5,458
Work in progress	28,758	26,500	0	703
Finished goods and goods for resale	187,379	177,380	28,494	36,562
	<b>371,020</b>	<b>388,654</b>	<b>32,264</b>	<b>42,723</b>

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>15. Deferred tax asset</b>				
Deferred tax asset at 1 January	35,053	1,467	-4,106	6,189
Other adjustments	2,304	-2,164	-4,693	-2,261
Amounts recognised in the income statement for the year	20,209	35,750	7,105	-8,034
<b>Deferred tax asset at 31 December</b>	<b>57,566</b>	<b>35,053</b>	<b>-1,694</b>	<b>-4,106</b>
Recognised in the balance sheet as follows:				
Assets	77,419	62,977	0	0
Provisions	-19,853	-27,924	-1,694	-4,106
	<b>57,566</b>	<b>35,053</b>	<b>-1,694</b>	<b>-4,106</b>

Deferred tax assets are recognized for all non-utilized tax losses to the extent that it is considered likely that tax profits will be realized within a foreseeable period in which the losses can be off set/used. Determination of the amount that may be recognized for Deferred tax assets shall be based on estimates of the probable date and size of future taxable profits. Furthermore, Deferred taxes are primarily due to unutilized taxation in the United States of America. United States of America is a primary growth market in 2024 and 2025, which is why the unutilized taxation is expected to be utilized in connection with positive earnings in the coming years.

Over the past years, extensive optimizations have been made around the management of the American company. The sales force has changed from agents to its own sales force and all internal processes have been improved, so the company is ready for future growth, as the significant inflow of new customers has shown. Revenue growth is expected to be +20% p.a. until 2029.

AEM, The market for spare parts for heavy trucks "classes 7+8" is approx. DKK 8 billion and Dinex' market share in 2024 was approx. 2% and this is expected to rise sharply over the coming years, and will thus amount to 6% in the years leading up to 2029, making it possible for investments in new catalogs and systems for EPA 10, 14 and 17 trucks in the USA. The number of trucks in the US is currently approx. 8 million vehicles and there is an increased need for high value replacement parts for DPF, SCR and DOC catalytic units on trucks in the USA.

OEM is expected to grow double in the coming years due to new agreements with American customers such as Caterpillar, Carrier and Volvo VCE. EBITDA is expected to double every year in the coming years, until the strategic level for the group of +16% is expected to be achieved in 2027/2028.

The uncertainty concerning the tax asset relates in particular to the USA and whether the positive exploitation reaches such a high level that the entire tax asset has been exploited within a period of approximately 5 years. Management expects that the conditions for activation can be realized.

## 16. Prepayments

Prepayments primarily comprise insurance, software licenses and lease payments.

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>17. Cash at bank and in hand</b>				
Other cash at bank and in hand	174,332	132,412	591	4
	<b>174,332</b>	<b>132,412</b>	<b>591</b>	<b>4</b>

Of the total cash, TDKK 41,787 are subject to restrictions implying that the cash may not be readily available for general use or distribution by the Group

## 18. Share capital

The share capital consists of 2,250,000 shares of a nominal value of DKK 1. No shares carry any special rights.

## 19. Other provisions

Consists of expected cost related to litigation.

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK

## 20. Long-term debt

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

The debt falls due for payment as specified below:

### Subordinate loan capital

After 5 years	0	0	0	0
Between 1 and 5 years	200,000	200,000	200,000	200,000
Long-term part	200,000	200,000	200,000	200,000
Within 1 year	0	0	0	0
	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>	<b>200,000</b>

### Mortgage loans

After 5 years	38,928	27,503	0	0
Between 1 and 5 years	15,770	31,162	0	0
Long-term part	54,698	58,665	0	0
Within 1 year	3,854	3,600	0	0
	<b>58,552</b>	<b>62,265</b>	<b>0</b>	<b>0</b>

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>20. Long-term debt</b>				
<b>Credit institutions</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	14,000	55,000	14,000	26,000
Long-term part	14,000	55,000	14,000	26,000
Within 1 year	41,169	61,000	0	0
Other short-term debt to credit institutions	728,487	774,737	735,520	832,966
	<b>783,656</b>	<b>890,737</b>	<b>749,520</b>	<b>858,966</b>
<b>Lease obligations</b>				
After 5 years	0	0	0	0
Between 1 and 5 years	16,438	16,636	13,227	12,021
Long-term part	16,438	16,636	13,227	12,021
Within 1 year	5,153	5,607	3,747	3,005
	<b>21,591</b>	<b>22,243</b>	<b>16,974</b>	<b>15,026</b>
<b>Other payables</b>				
After 5 years	4,333	4,261	4,333	4,261
Long-term part	4,333	4,261	4,333	4,261
Other short-term payables	58,526	60,279	10,560	11,449
	<b>62,859</b>	<b>64,540</b>	<b>14,893</b>	<b>15,710</b>

Subordinate loan capital, TDKK 200,000, is subordinated solely to the creditors of the Parent Company, Dinex A/S and is due for payment in 2027.

## Notes to the Financial Statements

	Group	
	2024	2023
	TDKK	TDKK
<b>21. Cash flow statement - Adjustments</b>		
Financial income	-20,706	-2,700
Financial expenses	100,698	130,536
Depreciation, amortisation and impairment losses, including losses and gains on sales	68,988	78,180
Income from investments in associates	2,061	5,303
Tax on profit/loss for the year	14,666	36,177
Exchange adjustments	-14,486	-68,670
	<u>151,221</u>	<u>178,826</u>

	Group	
	2024	2023
	TDKK	TDKK
<b>22. Cash flow statement - Change in working capital</b>		
Change in inventories	17,634	26,535
Change in receivables	37,619	152
Change in trade payables, etc	68,079	-113,728
	<u>123,332</u>	<u>-87,041</u>

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK

### 23. Contingent assets, liabilities and other financial obligations

#### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	160,301	162,117	0	0
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The Company's shares in 3C Fynsvej ApS have been placed as security with bankers.

## Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
<b>23. Contingent assets, liabilities and other financial obligations</b>				
<b>Rental and lease obligations</b>				
Total liabilities under rental or lease agreements until maturity	103,299	108,576	47,412	45,750
Of this, liabilities under rental or lease agreements with group enterprises	0	0	47,246	44,856

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of 3C Holding 2021 ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The company is engaged in some legal cases. It is management expectations that the outcome of these cases are reflected in the financial statement.

## 24. Related parties and disclosure of consolidated financial statements

	Basis
<b>Controlling interest</b>	
3C Dinex A/S	Shareholder

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
3C Holding 2021 ApS	Odense
3C GROUPS A/S	Odense

## Notes to the Financial Statements

	Group	
	2024	2023
	TDKK	TDKK
<b>25. Fee to auditors appointed at the general meeting</b>		
<b>PriceWaterhouseCoopers</b>		
Audit fee	1,673	0
Tax advisory services	636	0
Non-audit services	180	0
	<b>2,489</b>	<b>0</b>
<b>Other</b>		
Audit fee	162	1,568
Other assurance engagements	24	9
Tax advisory services	0	464
Non-audit services	0	165
	<b>186</b>	<b>2,206</b>

## 26. Subsequent events

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

# Notes to the Financial Statements

## 27. Accounting policies

The Annual Report of Dinex A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

A few reclassifications have been made in the comparative figures. The reclassifications have had no effect on equity or balance sheet.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in TDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

### Basis of consolidation

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

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

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

### Leases

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

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

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

# Notes to the Financial Statements

## Translation policies

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

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

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

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

## Segment information on revenue

Information on business segments and geographical segments is based on the Group's risks and returns and its internal financial reporting system.

## Income statement

### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

- delivery has been made before year end;
- a binding sales agreement has been made;
- the sales price has been determined; and
- payment has been received or may with reasonable certainty be expected to be received.

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

### Production expenses

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

### Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

### Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

# Notes to the Financial Statements

## Other operating income and expenses

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

## Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

## Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with 3C Holding 2021 ApS. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

#### *Other intangible fixed assets*

Patents are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 5-20 years.

### Property, plant and equipment

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

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

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

Buildings	40 years
Plant and machinery	3-25 years
Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	5-10 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

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

# Notes to the Financial Statements

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

## Investments in subsidiaries and associates

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

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

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

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

## Other fixed asset investments

Other fixed asset investments consist of receivables (fixed assets).

## Inventories

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

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

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

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

## Receivables

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

## Prepayments

Prepayments comprise prepaid expenses relating to subsequent financial years. Prepayments are measured at cost.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

# Notes to the Financial Statements

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

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

Deferred tax assets and liabilities are offset within the same legal tax entity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

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

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

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

## Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

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

### *Cash flows from operating activities*

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

# Notes to the Financial Statements

## *Cash flows from investing activities*

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

## *Cash flows from financing activities*

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

## *Cash and cash equivalents*

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

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

## **Financial Highlights**

### **Explanation of financial ratios**

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
EBITDA-margin	$\text{EBITDA} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Net margin	$\text{Profit/loss for the year} \times 100 / \text{Revenue}$
Return on invested capital incl. goodwill	$\text{Profit/loss for the year} \times 100 / \text{Average invested capital incl. goodwill}$
Financial gearing	$\text{Net interest-bearing debt - subordinated loan capital} / \text{Equity}$
Equity ratio incl. subordinated loan	$\text{Equity} + \text{subordinated loan} \times 100 / \text{Balance sheet total}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Net interest-bearing debt to EBITDA	$\text{Net interest-bearing debt - subordinated loan capital} / \text{EBITDA}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$