

CeramicSpeed Holding ApS

Nørgårdsvej 3, 7500 Holstebro
CVR no. 31 89 10 35

Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 30.04.25

Jacob Csizmadia
Dirigent

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The company

CeramicSpeed Holding ApS
Nørgårdsvej 3
7500 Holstebro
Registered office: Holstebro
CVR no.: 31 89 10 35
Financial year: 01.01 - 31.12

Executive Board

Jacob Csizmadia

Auditors

Beierholm
Godkendt Revisionspartnerselskab

Statement by the Executive Board on the annual report

I have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for CeramicSpeed Holding ApS.

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

In my opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.24 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.01.24 - 31.12.24.

I believe that the management's review includes a fair review of the matters dealt with in the management's review.

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

Holstebro, April 30, 2025

Executive Board

Jacob Csizmadia

To the shareholder of CeramicSpeed Holding ApS**Opinion**

We have audited the consolidated financial statements and financial statements of CeramicSpeed Holding ApS for the financial year 01.01.24 - 31.12.24, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including material accounting policy information for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.24 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.24 - 31.12.24 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the consolidated financial statements and financial statements

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

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 consolidated financial statements and 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 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 consolidated financial statements and 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and financial statements, including the disclosures, and whether the consolidated financial state-

ments and 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 expressing an opinion on the consolidated financial statements and 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.

Statement on the management's review

Management is responsible for the management's review.

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

In connection with our audit of the consolidated financial statements and financial statements, it is our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements or parent company 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 by law and regulations.

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

Skive, April 30, 2025

Beierholm

Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Bjørn Jakobsen
State Authorised Public Accountant
MNE-no. mne24813

Jakob Hove
State Authorised Public Accountant
MNE-no. mne49065

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000

	2024	2023	2022	2021	2020
<i>Profit/loss</i>					
Operating profit/loss	31,187	25,117	29,764	35,801	17,391
Total net financials	-2,243	-1,460	-1,057	-384	-1,061
Profit for the year	21,952	17,415	21,493	27,490	12,993

Balance

Total assets	156,539	133,821	93,341	79,354	48,095
Investments in property, plant and equipment	15,099	41,402	7,493	7,421	1,895
Equity	95,506	78,636	52,230	41,494	24,183

Ratios

	2024	2023	2022	2021	2020
<i>Profitability</i>					
Return on equity	25.2%	22.1%	45.9%	45.9%	53.1%
Return on invested capital	25.8%	23.9%	31.9%	44.7%	36.2%

Equity ratio

Solvency ratio	61.0%	58.8%	55.9%	56.0%	64.1%
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Others

Number of employees (average)	106	102	97	74	63
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Ratios definitions

Return on equity:	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$
Return on invested capital:	$\frac{\text{EBITA} \times 100}{\text{Avg. invested capital excl. goodwill}}$
EBITA:	Operating profit plus amortisation and impairment losses on goodwill.
Invested capital excl. goodwill:	Sum of intangible operating assets and property, plant and equipment (excl. goodwill) as well as net working capital.
Solvency ratio:	$\frac{\text{Equity, end of year} \times 100}{\text{Total assets}}$

Primary activities

The group's principal activities are the development, production and sale of ceramic ball bearings, components and lubricants.

Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit/loss of DKK 21,952k against DKK 17,415k for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 95,506k.

2024 was a satisfying year overall. The activity and interest in the group companies business areas have been positive.

The earnings for 2024 are in line with the expectations for the year. We have invested in the business both internally and on the development of products. We have succeeded in develop and bringing new products to marked which have been a large influence on our good results.

Outlook

The company expects a profit before tax in the region of DKK 30,000 – 35,000k for the coming year. The company's investments in development of new products and the business are expected to support future results.

Financial risks*Price risks*

The group is exposed to commodity price risks, as the group's products contain various raw materials which are subject to fluctuating prices.

Commodity price risks are not hedged. Previously, the impact on the group's results has been limited, as price fluctuations of the most important raw materials used are primarily passed on to the group's selling prices.

Foreign currency risks

The group is exposed to foreign currency risks primarily from EUR and USD due to purchase and sales transactions that are settled in currencies other than DKK.

Interest rate risks

The group has a large proportion of variable-rate assets and liabilities and is therefore exposed to interest rate risks.

Credit risks

The group's primary credit risk relates to trade receivables. Under the group's policy for assuming credit risk, all major customers and other business partners are subject to regular credit assessments.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	Group		Parent		
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000	
	Gross result	96,577	82,380	-172	-92
1	Staff costs	-57,866	-52,547	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	38,711	29,833	-172	-92
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-7,524	-4,716	0	0
	Operating profit/loss	31,187	25,117	-172	-92
2	Income from equity investments in group enterprises	0	0	9,011	9,328
3	Financial income	218	136	2,774	2,443
4	Financial expenses	-2,461	-1,596	-8	-3
	Profit before tax	28,944	23,657	11,605	11,676
	Tax on profit for the year	-6,992	-6,242	-680	-517
	Profit for the year	21,952	17,415	10,925	11,159
5	Proposed appropriation account				

ASSETS		Group		Parent	
		31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000
Note					
	Completed development projects	4,453	7,586	0	0
	Acquired rights	448	42	0	0
	Development projects in progress	6,769	8,687	0	0
6	Total intangible assets	11,670	16,315	0	0
	Land and buildings	65,922	53,645	0	0
	Leasehold improvements	166	276	0	0
	Other fixtures and fittings, tools and equipment	4,826	3,828	0	0
	Property, plant and equipment under construction	0	1,231	0	0
7	Total property, plant and equipment	70,914	58,980	0	0
8	Equity investments in group enterprises	0	0	3,019	3,952
9	Deposits	256	261	0	0
9	Required payment of contributed capital and premium	184	169	0	0
	Total investments	440	430	3,019	3,952
	Total non-current assets	83,024	75,725	3,019	3,952
	Raw materials and consumables	23,532	22,209	0	0
	Work in progress	4,756	3,585	0	0
	Manufactured goods and goods for resale	14,859	7,150	6,667	2,801
	Total inventories	43,147	32,944	6,667	2,801
	Trade receivables	20,665	14,251	0	0
	Receivables from group enterprises	0	0	69,779	73,792
	Income tax receivable	0	908	2,856	4,194
	Other receivables	3,003	3,585	1,188	275
	Prepayments	1,002	505	0	0
	Total receivables	24,670	19,249	73,823	78,261
	Cash	5,698	5,903	1,918	1,175
	Total current assets	73,515	58,096	82,408	82,237
	Total assets	156,539	133,821	85,427	86,189

EQUITY AND LIABILITIES

Note	Group		Parent	
	31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000
Contributed capital	125	125	125	125
Reserve for net revaluation according to the equity method	0	0	2,079	3,012
Reserve for development costs	3,167	12,692	0	0
Foreign currency translation reserve	-1,047	-159	0	0
Retained earnings	65,799	44,065	66,457	56,094
Proposed dividend for the financial year	1,750	2,000	1,750	2,000
Equity attributable to owners of the parent	69,794	58,723	70,411	61,231
10 Non-controlling interests	25,712	19,913	0	0
Total equity	95,506	78,636	70,411	61,231
11 Provisions for deferred tax	3,494	2,491	0	0
Total provisions	3,494	2,491	0	0
12 Mortgage debt	26,201	7,967	0	0
12 Payables to group enterprises	0	0	0	206
Total long-term payables	26,201	7,967	0	206
12 Short-term part of long-term payables	1,017	176	0	0
Payables to other credit institutions	14,451	23,151	0	0
Trade payables	4,862	14,216	0	0
Payables to group enterprises	0	0	1,332	2,464
Income taxes	1,884	0	0	0
Other payables	9,034	6,146	107	3
Deferred income	90	1,038	13,577	22,285
Total short-term payables	31,338	44,727	15,016	24,752
Total payables	57,539	52,694	15,016	24,958
Total equity and liabilities	156,539	133,821	85,427	86,189
13 Contingent liabilities				
14 Charges and security				
15 Related parties				

Statement of changes in equity

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Group:									
Statement of changes in equity for 01.01.24 - 31.12.24									
Balance as at 01.01.24	125	0	12,692	-159	44,065	2,000	58,723	19,913	78,636
Foreign currency translation adjustment of foreign enterprises	0	0	0	-888	0	0	-888	-135	-1,023
Dividend paid	0	0	0	0	0	-2,000	-2,000	-2,059	-4,059
Transfers to/from other reserves	0	0	-9,525	0	11,566	0	2,041	-2,041	0
Net profit/loss for the year	0	0	0	0	10,168	1,750	11,918	10,034	21,952
Balance as at 31.12.24	125	0	3,167	-1,047	65,799	1,750	69,794	25,712	95,506

Statement of changes in equity

Figures in DKK '000	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for development costs	Foreign currency translation reserve	Retained earnings	Proposed dividend for the financial year	Equity attributable to owners of the parent	Non-controlling interests	Total equity
Parent:									
Statement of changes in equity for 01.01.24 - 31.12.24									
Balance as at 01.01.24	125	8,969	0	-206	78,973	1,500	89,361	0	89,361
Net effect of changed accounting policies	0	0	0	0	-22,285	0	-22,285	0	-22,285
Net effect of correction of material errors	0	-5,957	0	206	-594	500	-5,845	0	-5,845
Adjusted balance as at 01.01.24	125	3,012	0	0	56,094	2,000	61,231	0	61,231
Foreign currency translation adjustment of foreign enterprises	0	255	0	0	0	0	255	0	255
Dividend paid	0	0	0	0	0	-2,000	-2,000	0	-2,000
Net profit/loss for the year	0	-1,188	0	0	10,363	1,750	10,925	0	10,925
Balance as at 31.12.24	125	2,079	0	0	66,457	1,750	70,411	0	70,411

Consolidated cash flow statement

Note	Group	
	2024 DKK '000	2023 DKK '000
	21,952	17,415
Profit for the year		
16 Adjustments	15,241	12,203
Change in working capital:		
Inventories	-10,203	4,550
Receivables	-6,331	-3,040
Trade payables	-9,354	446
Other payables relating to operating activities	10,239	992
Cash flows from operating activities before net financials	21,544	32,566
Interest income and similar income received	218	29
Interest expenses and similar expenses paid	-2,460	-1,564
Income tax paid	-3,197	-5,563
Cash flows from operating activities	16,105	25,468
Purchase of intangible assets	-7,710	-7,848
Purchase of property, plant and equipment	-15,099	-41,402
Sale of property, plant and equipment	183	0
Cash flows from investing activities	-22,626	-49,250
Dividend paid	-4,059	-6,062
Arrangement of mortgage debt	19,500	8,210
Repayment of mortgage debt	-425	-3,306
Arrangement of payables to credit institutions	0	22,509
Repayment of payables to credit institutions	-8,700	0
Cash flows from financing activities	6,316	21,351
Total cash flows for the year	-205	-2,431
Cash, beginning of year	5,903	8,334
Cash, end of year	5,698	5,903
Cash, end of year, comprises:		
Cash	5,698	5,903
Total	5,698	5,903

	Group		Parent	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
1. Staff costs				
Wages and salaries	49,908	47,045	0	0
Pensions	5,775	4,375	0	0
Other social security costs	904	772	0	0
Other staff costs	1,279	355	0	0
Total	57,866	52,547	0	0
Average number of employees during the year	106	102	0	0

With reference to section 98b(3) no. 2 of the Danish Financial Statements Act, remuneration for the management is not disclosed for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

	Group		Parent	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000
2. Income from equity investments in group enterprises				
Share of profit or loss of group enterprises	0	0	9,011	9,328
Total	0	0	9,011	9,328

3. Financial income

Interest, group enterprises	0	0	2,727	2,443
Other financial income	218	136	47	0
Total	218	136	2,774	2,443

	Group		Parent	
	2024 DKK '000	2023 DKK '000	2024 DKK '000	2023 DKK '000

4. Financial expenses

Other financial expenses	2,461	1,596	8	3
Total	2,461	1,596	8	3

5. Proposed appropriation account

Reserve for net revaluation according to the equity method	0	0	-1,188	-45,336
Proposed dividend for the financial year	1,750	2,000	1,750	2,000
Non-controlling interests	10,034	7,217	0	0
Retained earnings	10,168	8,198	10,363	54,495
Total	21,952	17,415	10,925	11,159

6. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Development projects in progress
Group:			
Cost as at 01.01.24	21,660	69	8,687
Foreign currency translation adjustment of foreign enterprises	188	0	417
Additions during the year	1,205	435	6,070
Transfers during the year to/from other items	132	0	-132
Cost as at 31.12.24	23,185	504	15,042
Amortisation and impairment losses as at 01.01.24	-14,074	-27	0
Foreign currency translation adjustment of foreign enterprises	-105	0	0
Impairment losses during the year	-23	0	-8,273
Amortisation during the year	-4,530	-29	0
Amortisation and impairment losses as at 31.12.24	-18,732	-56	-8,273
Carrying amount as at 31.12.24	4,453	448	6,769

The group's development projects relate to the development of new projects to complement the company's existing product lines. The projects are progressing as planned using the resources that management has set aside for development.

7. Property, plant and equipment

Figures in DKK '000	Land and buildings	Leasehold improvements	Other fixtures and fittings, tools and equipment	Property, plant and equipment under construction
Group:				
Cost as at 01.01.24	56,628	1,283	7,953	1,230
Foreign currency translation adjustment of foreign enterprises	5	0	29	0
Additions during the year	10,485	0	2,183	2,431
Disposals during the year	0	0	-298	0
Transfers during the year to/from other items	3,661	0	0	-3,661
Cost as at 31.12.24	70,779	1,283	9,867	0
Depreciation and impairment losses as at 01.01.24	-2,983	-1,007	-4,125	0
Foreign currency translation adjustment of foreign enterprises	0	0	-14	0
Depreciation during the year	-1,874	-110	-1,070	0
Reversal of depreciation of and impairment losses on disposed assets	0	0	168	0
Depreciation and impairment losses as at 31.12.24	-4,857	-1,117	-5,041	0
Carrying amount as at 31.12.24	65,922	166	4,826	0

8. Equity investments in group enterprises

Figures in DKK '000

Equity invest-
ments in group
enterprises

Parent:

Cost as at 01.01.24	940
Cost as at 31.12.24	940
Depreciation and impairment losses as at 01.01.24	3,012
Foreign currency translation adjustment of foreign enterprises	255
Net profit/loss from equity investments	9,011
Dividend relating to equity investments	-1,491
Elimination of intra-group profit	-8,708
Depreciation and impairment losses as at 31.12.24	2,079
Carrying amount as at 31.12.24	3,019

Name and registered office:

Ownership
interest

Subsidiaries:

CeramicSpeed Sport Americas LLC, USA	71%
CeramicSpeed Group ApS, Holstebro	70%
Maabjerg CS ApS, Holstebro	70%
CeramicSpeed Digital A/S, Holstebro	36%
CeramicSpeed A/S, Holstebro	70%
CeramicSpeed Bearings A/S, Holstebro	48%
CeramicSpeed Sport A/S, Holstebro	50%
Driven Technologies Inc., USA	56%

9. Other non-current financial assets

Figures in DKK '000	Deposits	Required payment of contributed capital and premium
Group:		
Cost as at 01.01.24	261	169
Foreign currency translation adjustment of foreign enterprises	-5	0
Transfers during the year to/from other items	0	15
Cost as at 31.12.24	256	184
Carrying amount as at 31.12.24	256	184

	Group		Parent	
	31.12.24 DKK '000	31.12.23 DKK '000	31.12.24 DKK '000	31.12.23 DKK '000

10. Non-controlling interests

Non-controlling interests, beginning of year	19,913	15,454	0	0
Foreign currency translation adjustment of foreign enterprises	-135	-196	0	0
Dividend paid	-2,059	-2,562	0	0
Transfers to/from other reserves	-2,041	0	0	0
Net profit/loss for the year (distribution of net profit)	10,034	7,217	0	0
Total	25,712	19,913	0	0

11. Deferred tax

Deferred tax as at 01.01.24	2,491	1,819	0	0
Deferred tax recognised in the income statement	1,003	672	0	0
Deferred tax as at 31.12.24	3,494	2,491	0	0

12. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.24	Total payables at 31.12.23
Group:				
Mortgage debt	1,017	21,642	27,218	8,143
Total	1,017	21,642	27,218	8,143
Parent:				
Payables to group enterprises	0	0	0	206
Total	0	0	0	206

13. Contingent liabilities

Group:

Lease commitments

The company has concluded lease agreements with terms to maturity of 2-34 months and total lease payments of t.DKK 668.

Recourse guarantee commitments

The following assets have been pledged as security for bank: As security for the company's balance with credit institutions, a company pledge of t.DKK 10,000 has been pledged in receivables, operating equipment, intellectual property rights and inventory.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

14. Charges and security

Group:

Land and buildings with a carrying amount of t.DKK 63,859 have been provided as security for mortgage debt of t.DKK 27,218.

The following assets have been pledged as security for bank: As security for the company's balance with credit institutions, a company pledge of t.DKK 10,000 has been pledged in receivables, operating equipment, intellectual property rights and inventory.

Parent:

The company has not provided any security over assets.

15. Related parties

Controlling influence	Basis of influence
Jacob Csizmadia	Holds the majority of the contributed capital in the company

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

	Group	
	2024 DKK '000	2023 DKK '000
16. Adjustments for the cash flow statement		
Other operating income	-53	0
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	7,613	4,716
Financial income	-218	-136
Financial expenses	2,460	1,596
Tax on profit or loss for the year	6,992	6,242
Other adjustments	-1,553	-215
Total	15,241	12,203

17. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for medium-sized groups and enterprises in reporting class C with application of provisions for a higher reporting class.

The group's accounting policies have been applied consistently with previous years. The accounting policies of the parent have changed which is stated in the 'Change in accounting policies' section.

Change in accounting policies

The company has changed its accounting policies in the following areas:

Elimination of intercompany transactions

In 2023, the company had an intercompany transaction relating to a down-stream transaction within the group. The parent company recognised this profit in the income statement as a result of the equity investment in group enterprise being written down to zero.

The company has changed its accounting policies during the financial year so that the company has eliminated the profit in full. The excess portion of the elimination that cannot be included in the equity investment in group enterprise is presented under liabilities as deferred income.

The change in accounting policy has no impact on the income statement for 2024. As at 31.12.24, equity is reduced by t.DKK 22,285 and the balance sheet total is unchanged.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Material error

The company has identified a material error in the financial statements for 2023.

Lack of elimination of result from equity investments in group enterprises

The company has recognised profit share from equity investments in group enterprises of t.DKK 5,845. This recognition should not have been made in the income statement, as a result of the company's "down-stream transaction", where the excess part of the elimination is not recognized.

This correction has a negative impact on the net profit for 2023. As at 31.12.23, equity is reduced by t.DKK 5,845 and the balance sheet total is reduced by t.DKK 5,845.

Comparative figures for 2023 have been restated in the income statement, balance sheet, cash flow statement and notes.

17. Accounting policies - continued -**Basis of recognition and measurement**

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

Non-controlling interests

The financial items of the subsidiaries are recognised in full in the consolidated financial statements. The non-controlling interests' proportionate share of the subsidiaries' equity is classified as a part of consolidated equity. The subsidiaries' results are distributed proportionately to non-controlling interests and the parent's equity interest.

Purchase and sale of non-controlling interests in a subsidiary which do not result in changes in control of the subsidiary are treated in the consolidated financial statements as equity transactions, and the difference between the consideration and the carrying amount is allocated to the parent's equity

17. Accounting policies - continued -

interest.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT**Gross result**

17. Accounting policies - continued -

Gross result comprises revenue, other operating income, raw materials and consumables and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income,

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

17. Accounting policies - continued -

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value DKK '000
Completed development projects	3-5	
Acquired rights	5	0
Buildings	20-40	0
Leasehold improvements	3-5	0
Other plant, fixtures and fittings, tools and equipment	5	0

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise's activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group enterprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions

17. Accounting policies - continued -

denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET**Intangible assets***Completed development projects and development projects in progress*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

17. Accounting policies - continued -*Acquired rights*

Acquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise land and buildings, leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Property, plant and equipment under construction

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use.

Gains and losses on the disposal of property, plant and equipment

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

17. Accounting policies - continued -**Equity investments in group enterprises**

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a measurement method.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the cost of equity investments. However, transaction costs on the acquisition of subsidiaries are recognised in the income statement in the consolidated financial statements at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

17. Accounting policies - continued -

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The cost of manufactured finished goods and work in progress is determined as the value of direct material and labour costs. Interest on loans arranged to finance production is not included in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

Prepayments

17. Accounting policies - continued -

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are adopted before adoption of the annual report for CeramicSpeed Holding ApS are not tied up in the revaluation reserve (simultaneous principle).

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

Unrealised foreign currency gains and losses from the translation of the net investment in independent foreign entities are recognised in equity under the foreign currency translation reserve. The reserve is dissolved when the independent foreign entities are disposed of.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value

17. Accounting policies - continued -

can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.

Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and financing from and dividends paid to shareholders as well as the arrangement and repay-

17. Accounting policies - continued -

ment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.