



Annual Report 2023/24

Oterra A/S
Agern Allé 24
2970 Hørsholm
Denmark
Company Reg. (CVR) No. 35638784

Adopted at the Annual General Meeting
on February 24, 2025

Chair of the meeting
Cecilie Dohn

A handwritten signature in blue ink, appearing to read "Cecilie Dohn". The signature is written in a cursive, flowing style.

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Management's review

Financial highlights

DKK'000	Sep 1, 2023- Aug 31, 2024	Sep 1, 2022- Aug 31, 2023	Sep 1, 2021- Aug 31, 2022	Sep 1, 2020- Aug 31, 2021	Sep 1, 2019- Aug 31, 2020
Income statement					
Revenue	1,136,453	1,099,083	1,170,519	1,077,608	936,561
Gross profit	235,171	138,818	270,583	354,277	244,916
Operating profit/loss	(226,107)	(427,300)	(331,118)	(61,327)	70,617
Net financials	(115,423)	(138,793)	(126,263)	(8,266)	744
Profit/loss before tax	(341,673)	(567,441)	(457,381)	(69,593)	71,360
Profit/loss for the year	(423,656)	(485,366)	(428,464)	(61,513)	55,199
Balance sheet					
Total assets	2,902,170	3,010,349	3,243,177	1,674,163	780,155
Purchase of property, plant and equipment	11,644	24,022	10,022	24,774	50,809
Equity	221,821	37,232	(332,159)	96,305	581,805
Financial ratios					
Gross margin	20.7%	12.6%	23.1%	32.9%	26.2%
Operating margin	(19.9%)	(38.9%)	(28.3%)	(5.7%)	7.5%
Return on invested capital	(7.8%)	(14.2%)	(10.2%)	(3.7%)	9.1%
Return on equity	(191.0%)	(1,303.6%)	(129.0%)	(63.9%)	9.5%
Equity ratio	7.6%	1.2%	(10.2%)	5.8%	74.6%
Other key figures					
Average number of employees (FTEs)	178	226	220	179	155

Refer to accounting policies on page 21 for details on calculation of financial ratios.

Management's review

Management commentary

Oterra A/S is a company within the Spring TopCo DK ApS Group (Oterra Group), and 100% owned by Oterra Holding ApS. Oterra has 150 years of experience in natural colors. Today we develop, produce and sell natural colors and coloring food products to customers across the food and beverage industry. We are a vertically integrated operation with the widest portfolio in the market, focused exclusively on natural colors and coloring foods. Customers can rely on us "making nature easy", mastering the complexity of a natural supply chain, pigment choice and application for our customers, reducing their time to market and maximizing their win rates.

Highlights for the Year

In the financial year 2023/24, Oterra A/S generated net revenues of DKK 1,136,453 thousand (2022/23: DKK 1,099,083 thousand), in line with expectations, and an operating loss (EBIT) of DKK -226,107 thousand (2022/23: DKK -427,301 thousand) which, while better than 2022/23, was disappointing. It is however the result of a continued focus on operational improvements as well as stronger processes especially relating to sales excellence and more efficient use of resources, expected to reduce costs further in the coming year.

During the 2023/24 fiscal year, Oterra introduced a clear Go to Market strategy to ensure a more focussed approach to customers across different Oterra functions ensuring better use of resources and reducing costs. To continue improving the operating model and enable efficiency and execution, the first building blocks of our Integrated Business Planning process was also introduced. Also, the leadership team is now in place providing a solid foundation to build on for the continued development of the company.

Financial review

The financial result for 2023/24 reflects the continued transformational journey that Oterra is on, building a market leader position with one of the widest product portfolios in the market, dedicated to natural colors and coloring foods. Throughout the year, focus has been on operational improvements and establishing the right technological infrastructure to support a scalable platform as well as stronger business processes around sales excellence and customer centricity. With more structured internal collaboration and efficient use of resources, the company continued reducing operational and administrative costs. The following events impacted not only the results, but also the development of Oterra A/S:

- Partnership with VAXA Technologies to produce pigments from microalgae
- Further strengthening the management team with key executive appointments
- Continued focus on establishment of the right infrastructure and business processes
- Establishment of a clear Go to Market Strategy
- First building blocks of our Integrated Business Planning process

Performance for the year was also impacted by continued macro-economic and geopolitical instability which influenced consumer trends while raw material harvests were impacted by drought in the growing areas. Throughout the year, Oterra proactively managed raw materials and supplies to ensure customers were able to continue production while improving inventory levels.

With a solid platform for growth, we are well prepared to capitalize on the trend towards products focusing on health and wellness – which is a strong driver of consumer demand. That, together with a growing responsibility towards sustainability among consumers and our customers, play to the strengths of what we offer.

Management's review

Management commentary (continued)

Result of the year summary

In the financial year 2023/24, Oterra A/S generated net revenues of DKK 1,136,453 thousand (2022/23: DKK 1,099,083 thousand), in line with expectations, and an operating loss (EBIT) of DKK -226,107 thousand (2022/23: DKK -427,301 thousand) which, while better than 2022/23, was disappointing and significantly below expectations. It is however the result of a continued focus on operational improvements as well as stronger processes especially relating to sales excellence and more efficient use of resources, expected to reduce costs further in the coming year.

Oterra A/S obtained a letter of support from its Parent Company confirming that intercompany loans will not be recalled and that additional funds will be provided by the Parent Company, if necessary. On this basis, Management assess that the Company can keep operating without financial difficulties.

Outlook

Oterra's performance for 2023/24 was below our expectation from an earnings perspective, however Oterra remains focused on its strategic initiatives undertaken to lay the foundation for future growth.

With the implementation of the strategic initiatives and committed to deliver the growth expected, operational and administrative cost reductions, Oterra anticipate revenue between DKK 1,170,000-1,230,000 thousand and EBIT between DKK 0 and 5,000 thousand in 2024/25.

Statutory report on corporate social responsibility pursuant to ÅRL 99a

Management's review does not include a full review of corporate social responsibility in accordance with the Danish Financial Statements Act ("ÅRL") section §99a; instead, we refer to the Annual Report for the period 1 September 2023 – August 31, 2024, issued by the parent company Spring TopCo DK ApS, cvr. no. 42217506.

Statutory gender distribution in management pursuant to ÅRL 99b

Oterra is a truly international company serving more than 110 markets globally, employing colleagues from more than 45 different nationalities, across 28 countries, contributing with unique skills, experiences, and perspectives. Embracing diversity and inclusion is central to our success, as we aim to create a culture where everyone feels a sense of belonging, attract top talent, and ensure equal opportunities for all. As an equal opportunity employer, we are committed to respecting each other, building intercultural competencies, and ensuring a work environment where flexibility and work-life balance are key elements.

Oterra strives to create a culture that provides employees and managers with equal opportunities in terms of personal and professional development. For us, it is not only important to have a diverse workforce on the surface, but we also want to be inclusive and ensure a deep sense of belonging for all. We bring together employees with a wide variety of backgrounds, skills, and cultures. Combining such a wealth of talent and resources creates a diverse and dynamic team that consistently drives our results. We are proud of the diversity of our workforce and continue to focus on inclusiveness in our ways of working.

Management's review

Management commentary (continued)

Gender distribution at top management levels		Unit	2022/23	2023/24	Comments
Top managerial position (Board of Directors)	Total number of members	Number	6	6	Change of one (1) externally appointed board member (not EQT representation), occurred in September 2023, leaving a decline in underrepresented gender Externally appointed women: 25% (2022/23: 50%)
	of which are externally appointed	Number	4	4	
	Underrepresented gender in full BoD	%	33	17	
	Target	%	40	40	
	Year for fulfilment of target	Year	2025/26	2025/26	
Gender diversity in Oterra Leadership Team (women, based on headcount)		%	16	0	Oterra Leadership Team decreased by one (1) female member
Gender diversity in senior management (women, based on headcount)		%	33	31	Senior Management expanded in total numbers, but declining in underrepresented gender in pct
Gender diversity in all Oterra leaders (women, based on headcount)		%	32	34	Overall leader population declined, but increased in underrepresented gender in pct.
Other managerial positions (level 1 and 2)	Total number of members	Number	58	68	The managerial group (level 1 and 2) was expanded, both from within our organization and with externals during the previous year, leading to a decline in underrepresented gender in pct.
	Underrepresented gender in pct.	%	32	30	
	Target in pct.	%	35	35	
	Year for fulfilment of target	Year	2025/26	2025/26	

While we work with diversity on a broad basis, we do believe that gender is an important parameter. This year, the percentage of female leaders in Oterra A/S was 45% at Extended Leadership Team (ELT) level, and Oterra A/S thereby retains its equal gender representation as defined under the Danish law.

The Board of Directors of Oterra A/S consists of six board members. At the end of 2023/24, our Board had a gender representation split of 17%/83%. The target for 2025/26 is 40%.

When recruiting for leadership positions, we seek to promote positive leadership stories for our underrepresented gender, generating greater awareness and interest in the area, as we make an effort to ensure a fair representation of both genders in the interview process, however we have seen a slight increase in number of underrepresented gender in the total Oterra leader population, which aligns with our plan to build a more diverse leadership pipeline.

Statutory report on data ethics pursuant to ÅRL 99d

Management's review does not include a full review of data ethics in accordance with ÅRL §99d; instead, we refer to the annual report for the period 1 September 2023 – August 31, 2024, issued by the parent company Spring TopCo DK ApS, cvr. no. 42217506.

Management's review

Management commentary (continued)

Research and development

Innovation is an essential contributor to business growth at Oterra. We work closely with our customers, suppliers and partners to develop both new products and new technologies, as well as optimizing existing technologies and new applications for our existing products.

Oterra A/S generally patents all new products of commercial value. The patents protect our investments in research and development and increase the value of our business. In addition, we make sure that our product technology and application methods are protected by a wide patent portfolio.

In the year 1 September 2023 – 31 August 2024, Oterra A/S spent DKK 99.9 million on research and development activities (1 September 2022 – 31 August 2023: DKK 133.2 million). Of these DKK 23.3 million was capitalized relating to new products and processes (1 September 2022 – 31 August 2023: DKK 14.6 million).

Social and staffing

Oterra believes that the best possible social and staffing conditions are key to achieving our goals and ambitions. As a knowledge-based company there is a risk associated with attracting and retaining the right competences. Therefore attracting, engaging, developing, and retaining the best qualified and performing employees is our greatest focus.

At Oterra, we have a diverse workforce that brings together over 45 different nationalities with unique skills, experience and perspectives. Embracing diversity and inclusion is central to our success, as we aim to create a culture where everyone feels a sense of belonging, attract top talent, and ensure equal opportunities for all.

We believe that diverse representation - across experience, nationality, culture, international background, and gender - drives innovation and growth.

Looking ahead, Oterra is dedicated to further advancing our diversity and inclusion agenda through the following initiatives:

Inclusive leadership training: Training leaders to adopt inclusive practices and embed diversity principles into our leadership culture

Enhanced data tracking: Improving our data collection and reporting capabilities to track progress on our diversity goals with transparency

Talent development: Measure diversity in pipeline of talents equipped to deliver on our strategy

Diversity dashboards: Tracking metrics like gender representation and engagement scores to measure progress

Incorporating D&I goals in leadership expectations: Holding leaders accountable for advancing diversity within their teams

Transparent reporting: Sharing updates in our annual reports and other communications.

Statement of the Board of Directors and the Executive Board

The Executive Board and the Board of Directors have today considered and adopted the Annual Report of Oterra A/S for the financial year ended August 31, 2024.

The Annual Report has been prepared in accordance with the Danish financial statements act and optionally chosen international reporting standards in accordance with EU.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at August 31, 2024 and the results of the Company's operations for the financial year September 1, 2023 – August 31, 2024.

In our opinion, the Management's review includes a true and fair account of the development in the operations and financial circumstances of the Company, of their results of operations for the year, and of the financial position of the Company, as well as a description of the most significant risks and elements of uncertainty facing the Company.

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


Hørsholm, 24 February 2025

Executive Board:



Martin Sonntag
CEO

Board of Directors:



Cornelis de Jong
Chair

Nils Philipp Ketter
Vice Chair

Christoffer Erik Mathies Lorenzen

Xiangwei Gong

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Independent auditor's report

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Oterra A/S for the financial year 1 September 2023 – 31 August 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 August 2024 and of the results of the Company's operations for the financial year 1 September 2023 - 31 August 2024 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide basis for our opinion.

Independence

We are independent of 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.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and 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 based on the 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.

Independent auditor's report

Report on the audit of the financial statements (continued)

- 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 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 disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained events or conditions that may cast significant doubt on 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 financial statement 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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

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

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

Copenhagen, 24 February 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jens Thordahl Nøhr
State Authorised Public Accountant
mne32212

Mads Vinding
State Authorised Public Accountant
mne42792

Income statement

DKK'000	Note	Sep 1, 2023 – Aug 31, 2024	Sep 1, 2022 – Aug 31, 2023
Revenue	3	1,136,453	1,099,083
Production costs	4, 5	(901,282)	(960,265)
Gross income/(loss)		235,171	138,818
Distribution costs	4, 5	(48,145)	(66,540)
Administrative costs	4, 5	(336,573)	(380,982)
Research and development costs	4, 5	(76,560)	(118,596)
Operating profit/loss		(226,107)	(427,300)
Other operating expenses		(143)	(1,348)
Profit/loss before net financials		(226,250)	(428,648)
Financial income	6	88,279	138,242
Financial expenses	7	(203,702)	(277,035)
Profit/loss before tax		(341,673)	(567,441)
Income taxes	8	(81,983)	82,075
Income/(loss) for the year		(423,656)	(485,366)
Transferred over the			
appropriation of	17	(423,656)	(485,366)
profit/loss			

Balance sheet

DKK'000	Note	2024	2023
Assets			
Non-current assets			
Intangible assets	9		
Software		104,545	117,210
Patents & rights		735,286	776,079
Development projects		39,595	32,238
Development projects in progress		54,525	46,116
Total intangible assets		933,951	971,643
Property plant and equipment	10		
Land and buildings		25,214	26,380
Plant and machinery		41,923	36,108
Fixtures and fittings, other plant and equipment		8,604	11,523
Property, plant and equipment under construction		5,141	13,759
Total property plant and equipment		80,882	87,770
Investments	11		
Investments in subsidiaries		509,889	471,481
Other securities and investments		114,651	95,185
Total investments		624,540	566,666
Total non-current assets		1,639,373	1,626,079

DKK'000	Note	2024	2023
Current assets			
Inventories			
Raw materials and consumables		46,814	71,362
Work in progress		37,908	48,276
Finished goods and goods for resale		52,095	68,133
Total inventories		136,817	187,771
Receivables			
Deposits		3,048	3,051
Trade receivables		133,405	157,530
Receivables from group entities		945,041	778,361
Deferred tax assets	12	28,319	100,572
Other receivables		-	1,926
Prepayments		15,383	8,281
Total receivables		1,125,196	1,049,721
Cash		784	146,778
Total current assets		1,262,797	1,384,270
Total assets		2,902,170	3,010,349

Balance sheet

DKK'000	Note	2024	2023
Equity and liabilities			
Equity			
Share capital	13	9,202	9,202
Reserve for development costs		73,414	61,116
Retained earnings		139,205	(33,087)
Total equity		221,821	37,232
Liabilities			
Non-current liabilities other than provisions			
Borrowings		583,284	916,136
Lease liabilities		23,220	25,373
Other payables		10,898	10,749
Total non-current liabilities other than provisions	14	617,402	952,258
Current liabilities other than provisions			
Borrowings		8,464	21,293
Lease liabilities		7,813	7,337
Trade payables		93,094	115,357
Payables to group entities		1,922,908	1,820,809
Corporation tax payable		9,670	-
Other payables		20,998	56,063
Current liabilities other than provisions		2,062,947	2,020,859
Total liabilities other than provisions		2,680,349	2,973,117
Total Equity and liabilities		2,902,170	3,010,349

- 1 Accounting policies
- 2 Going concern
- 15 Contractual obligations and contingencies
- 16 Related parties
- 17 Appropriation of loss
- 18 Events after the balance sheet date

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development cost	Retained earnings	Total
2022/23					
	Equity at September 1, 2022	9,202	54,441	(395,802)	(332,159)
17	Transferred, see "Appropriation of loss"	-	6,675	(492,041)	(485,366)
	Cash group contribution	-	-	854,757	854,757
Equity at August 31, 2023		9,202	61,116	(33,087)	37,232
2023/24					
	Equity at September 1, 2023	9,202	61,116	(33,087)	37,232
17	Transferred, see "Appropriation of loss"	-	12,297	(435,953)	(423,656)
	Cash group contribution	-	-	608,245	608,245
Equity at August 31, 2024		9,202	73,414	139,205	221,821

The Board of Directors has decided not to propose any ordinary dividend for the financial year September 1, 2023 – August 31, 2024.

Notes

1 Accounting policies

The annual report of Oterra A/S for 2023/24 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities. In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

In accordance with section 86(4) of the Danish Financial Statements Act, Oterra A/S has not prepared any cash flow statement. Similarly, with reference to section 99a(6) of the Danish Financial Statements Act, no statement on corporate social responsibility has been prepared.

The annual report is presented in DKK thousands.

With reference to section 96(3) the fee to the statutory auditors have not been disclosed.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. However, the description of accounting policies for the measurement of inventories has been updated to reflect that inventories are measured in accordance with the weighted average cost method and not, as previously stated, the FIFO method. The application of the weighted average cost method is in accordance with the underlying measurement principles in the Company's accounting systems and consistent with prior years. The updated wording of accounting policies for measurement of inventories does not impact recognition or measurement.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognized in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognized in the most recent financial statements is recognized in the income statement as financial income or financial expenses.

Non-current assets acquired in foreign currency are measured at the exchange rate at the transaction date.

Notes

1 Accounting policies (continued)

Income statement

Revenue

The company applies IFRS 15 for recognition and measurement of revenue.

Oterra A/S produces a wide range of natural colors. Revenue includes sales of goods and is recognized at an amount that reflects the consideration to which Oterra A/S expects to be entitled.

Revenue from sale of goods to customers is recognized at the point in time when control of the goods or services is transferred to the customer at an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. It has generally concluded that it is the principal in its revenue arrangements.

Products are often sold at a discount. An agreement to this effect can be set up in various ways, but common to all discount agreements is that revenue is recognized based on the price specified in the contract, net of the estimated discount. Discounts are estimated based on historical data as well as forecasts. Estimated discounts are reassessed at the end of each reporting period.

Variable considerations related to rebates are recognized as revenue only to the extent that it is highly probable that significant revenue will occur subsequently.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognized in revenue.

Production costs

Production costs comprise the cost of products sold. Cost comprises the purchase price of raw-materials, consumables and goods for resale, direct labor costs and a share of indirect production costs, including costs of operation and depreciation of production facilities as well as operation, administration, and management of factories.

Distribution costs

Distribution costs include costs for salaries to sales personnel, advertising and exhibition expenses, depreciations, etc.

Administrative costs

Administrative costs include costs for administrative personnel, IT and management, including office expenses, salaries, depreciation, etc.

Research and development costs

Research and development costs include labor costs, amortization and other costs directly or indirectly associated with the company's research and development activities.

Development projects that do not comply with the requirements for recognition in the balance sheet are recognized in the income statement as costs are incurred.

Other operating expenses

Other operating expenses comprise the cost related to retirement of assets before time, and the net value of that asset when retired.

Notes

1 Accounting policies (continued)

Amortization/depreciation

The item comprises amortization/depreciation of intangible assets and property, plant, and equipment.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight-line basis over the expected useful life.

The expected useful lives of the assets are as follows:

Buildings	25-50 years
Plant and machinery	5-20 years
Fixtures and fittings, other plant, and equipment	3-10 years
Software	5-10 years
Patents	5-20 years
Development projects	3-20 years

Gains and losses on the disposal of property, plant and equipment are recognized in the income statement under other operating income and other operating expenses.

Land, property, plant and equipment under construction, and development projects are not depreciated/amortized.

Financial income and expenses

Financial income and expenses are recognized in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognized in the income statement, whereas the portion that relates to transactions taken to equity is recognized in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

On initial recognition, intangible assets are measured at cost. Research costs are recognized in the income statement as incurred. Development costs are recognized as intangible assets if the costs are expected to generate future economic benefits.

Costs related to the development and implementation of substantial software and IT systems are capitalized and amortized over the expected useful lives of the assets.

Finished development projects and development projects in progress are reviewed at the time of completion and on an annual basis to determine whether there is any indication of impairment. If so, an impairment test is carried out for the individual development projects.

Development projects related to new products and processes that are clearly defined and identifiable, while having a high degree of technical utilization, sufficient resources and where a potential future market or development potential within the company can be proved, and where it is the intention to manufacture, market and utilize the project, are recognized as intangible assets if there is sufficient certainty that the capital value of future earnings will cover the production costs, Distribution and Administrative costs, as well as the development costs.

For development projects in progress, Management estimates on an ongoing basis whether each individual project is likely to generate future economic benefits for the company to qualify for recognition. The development projects are evaluated based on both technical and commercial criteria.

Patents and rights consist of acquired patents and rights in relation to acquisitions within the group and are measured at cost less accumulated amortization.

Property, plant, and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment charges. Property, plant, and equipment in progress are measured at cost. Cost comprises expenses for materials, other expenses directly related to making the asset ready for use, and re-establishment expenses, provided that the corresponding provision is made at the same time. Borrowing costs for the construction phase of assets of PP&E are capitalized when directly attributable to the construction and the construction period is substantial.

Property, plant, and equipment is depreciated on a straight-line basis over the expected useful life of the asset. Land and property, plants and equipment in progress are not depreciated. Gains and losses from the disposal of property, plant and equipment are recognized in the income statement as other operating income or other operating expenses. Gains or losses are calculated as the difference between the selling price fewer selling costs and the carrying amount at the date of disposal.

Notes

1 Accounting policies (continued)

Leases

The company has chosen IFRS 16 as interpretation for classification and recognition of leases.

Lease assets are "right-of-use assets", which is a contract or part of a contract that conveys the lessee's right to use an asset for a period. Right-of-use assets are initially measured as the present value of future fixed lease payments plus upfront payments and/or other initial direct costs incurred, less than any lease incentives received.

If, on the inception of the lease, it is reasonably certain that an extension or purchase option will be exercised, future lease payments will be included. Lease liabilities are measured using the Company's average incremental borrowing rate.

Lease assets are classified alongside owned assets of a similar type under "Property, plant and equipment". Lease assets are depreciated using the straight-line method over the lease term. Lease assets are tested when there is an indication of impairment.

Short-term leases and leases of low value are recognized as expenses in the income statement on a straight-line basis over the lease term.

Oterra A/S' portfolio of leases includes land, buildings, cars, and equipment.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Cost includes the consideration measured at fair value plus direct acquisition costs. In case of indication of impairment, and impairment test is conducted. Investments are written down to the lower of the carrying amount and the recoverable amount.

Dividends from investments in group entities, which are measured at cost, are recognized in the income statement in the financial year when the dividends are declared. If the dividends received exceeds the proportionate share of the income/loss for the year or the carrying amount of investments exceed the proportionate share of the net assets in the underlying entity, this is an indication of impairment, which requires that an impairment test is prepared.

Other securities and investments

Other securities and equity investments comprise unlisted shares that Management considers long-term investments. Unlisted shares are measured at cost price.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment, investments in subsidiaries, other securities and investments is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Notes

1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognized impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of goods for resale and raw materials and consumables comprises the purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising costs incurred to bring the product to its current stage of completion and location. Costs include the cost of raw materials, consumables, direct wages and salaries, and indirect production overheads. Indirect production overheads comprise indirect materials, wages and salaries, maintenance and depreciation of production machinery, buildings and equipment, as well as production administration and management.

Deposits

Deposits consist of receivable financial asset related to leasing of land and buildings. Deposits are measured at amortized cost.

Receivables

Receivables are measured at amortized cost.

The company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognized if there is objective evidence that a receivable or a group of receivables are impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognized on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realizable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as a discount rate.

Cash

Cash at bank and in hand comprise cash and bank deposits.

Given the nature of the Groups cash pool arrangement, cash pool balances are not considered cash, but are recognized under "Receivables from group entities".

Notes

1 Accounting policies (continued)

Equity

Reserve for development costs

The reserve for development costs comprises recognized development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognized development costs are amortized or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Corporation tax and deferred tax

Current tax payables and receivables are recognized in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognized on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income.

Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively. Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to trigger as current tax. Deferred tax assets are recognized at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognized in the income statement.

Liabilities

Financial liabilities are recognized at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortized cost, corresponding to the capitalized value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement over the term of the loan.

Other liabilities are measured at net realizable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Notes

1 Accounting policies (continued)

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Gross margin	$\frac{\text{Gross profit/loss}}{\text{Revenue}}$
Operating margin	$\frac{\text{Operating profit/loss}}{\text{Revenue}}$
Return on invested capital	$\frac{\text{Operating profit/loss}}{\text{Total assets}}$
Return on equity	$\frac{\text{Profit/loss for the year}}{\text{Equity end of year}}$
Equity ratio	$\frac{\text{Equity end of year}}{\text{Total assets}}$

Notes

2 Going concern

The company has realized a loss of DKK -423.7 million in the financial year 2023/24. Equity has due to the cash group contributions received still been kept at a positive DKK 221.8 million, referring to the Managements review, a letter of support has been obtained from the parent company confirming that intercompany loans will not be recalled and that additional funds will be provided by the parent company, if necessary. Based on the above, Management has not identified material going concern uncertainties and the Annual Report has been prepared on the basis that Oterra A/S will continue to operate as going concern.

3 Segment information

Breakdown of revenue by geographical segment:

DKK'000	Sep 1, 2023 – Aug 31, 2024	Sep 1, 2022 – Aug 31, 2023
APAC	233,252	245,601
EEMEA	330,308	403,829
LATAM	108,116	153,051
North America	37,627	137,460
Western Europe	427,150	159,142
Total	1,136,453	1,099,083

Revenue relates to sale of natural colors and coloring food products.

Notes

4 Staff costs

DKK'000	2023/24	2022/23
Wages/salaries	129,136	184,608
Pensions	13,014	16,536
Other social security costs	388	653
Transferred capitalization	(7,672)	(9,354)
Total	134,866	192,443

Staff costs are recognized as follows in the financial statement:

DKK'000	2023/24	2022/23
Production costs	69,990	104,667
Distribution costs	9,301	18,005
Administrative costs	55,057	67,502
Research and development costs	518	2,269
Total	134,866	192,443

Average amount of employees	178	226
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Remuneration to Management, comprising the two CEOs during the year, amounted to DKK 7,092 thousand in 2023/24 - hereof pensions totaling DKK 265 thousand (2022/23: DKK 4,264 thousand and DKK 587 thousand).

Part of remuneration to Management is allocated from Oterra Holding ApS through management fee under administration costs.

5 Amortization/depreciation of intangible assets and property, plant, and equipment

DKK'000	2023/24	2022/23
Amortization of intangible assets	60,595	58,836
Depreciation of property plant and equipment	18,067	25,819
Total	78,662	84,655

Amortization/depreciation of intangible assets and property, plant and equipment are recognized in the income statement under the following items:

DKK'000	2023/24	2022/23
Production costs	16,938	26,108
Distribution costs	34,436	31,456
Administrative costs	21,586	22,297
Research and development costs	5,702	4,794
Total	78,662	84,655

The impairment of development projects in progress amounted to DKK 0 thousand (2022/23: DKK 0 thousand).

Notes

6 Financial income

DKK'000	Sep 1, 2023 – Aug 31, 2024	Sep 1, 2022 – Aug 31, 2023
Interest income from Group companies	64,113	31,038
Other financial income	24,166	107,204
Total	88,279	138,242

7 Financial expenses

DKK'000	Sep 1, 2023 – Aug 31, 2024	Sep 1, 2022 – Aug 31, 2023
Interest expenses to Group companies	122,640	157,399
Other financial expenses	81,062	119,636
Total	203,702	277,035

8 Tax for the year

DKK'000	Sep 1, 2023 – Aug 31, 2024	Sep 1, 2022 – Aug 31, 2023
Tax charge for the year	-	11,208
Deferred tax	(72,253)	66,368
Tax adjustment prior years	(9,730)	4,500
Total	(81,983)	82,075

Notes

9 Intangible assets

	Software	Patents & rights	Development projects	Development projects in progress	Total
DKK'000					
Cost at 1 September 2023	147,760	842,113	78,755	46,116	1,114,744
Additions	-	-	-	23,299	23,299
Transferred	-	-	14,494	(14,890)	(396)
Cost at 31 August 2024	147,760	842,113	93,249	54,525	1,137,647
Impairment losses and amortization at 1 September 2023	(30,550)	(66,034)	(46,517)	-	(143,101)
Amortization for the year	(12,665)	(40,793)	(7,137)	-	(60,595)
Impairment losses and amortization at 31 August 2024	(43,215)	(106,827)	(53,654)	-	(203,696)
Carrying amount at 31 August 2024	104,545	735,286	39,595	54,525	933,951

Development projects

Development projects relate to design, construction and testing of existing production within natural color products. The projects are being carried out based on demand from existing customers and varies in time for finalization. It is expected that the products have a technical and commercial likelihood at the present market and to existing customers.

Notes

10 Property, plant, and equipment

	Land and buildings	Plant and machinery	Fixtures and fittings, other plant and equipment	Property, plant, and equipment in progress	Total
DKK'000					
Cost at 1 September 2023	51,753	183,081	35,592	13,759	284,185
Additions	5,880	3,553	292	1,919	11,644
Disposals	(2,969)	(630)	(3,958)	-	(7,557)
Transferred	-	10,933	-	(10,537)	396
Cost at 31 August 2024	54,664	196,937	31,926	5,141	288,668
Impairment losses and depreciation at 1 September 2023	(25,373)	(146,973)	(24,069)	-	(196,415)
Depreciations for the year	(6,912)	(8,478)	(2,677)	-	(18,067)
Depreciation retirements	2,835	437	3,424	-	6,696
Impairment losses and depreciation on 31 August 2024	(29,450)	(155,014)	(23,322)	-	(207,786)
Carrying amount on 31 August 2024	25,214	41,923	8,604	5,141	80,882
Property plant and equipment include finance leases with a carrying amount totaling	25,201	2,872	533	-	28,606

Notes

11 Investments

DKK'000	Investment in group enterprises	Other securities and investments	Total
Cost at 1 September 2023	471,481	95,185	566,666
Additions	38,408	19,466	57,874
Cost at 31 August 2024	509,889	114,651	624,540
Carrying amount at 31 August 2024	509,889	114,651	624,540

Legal entity name	Domicile	Interest	DKK'000 Equity	DKK'000 Result
Oterra Colors Spain SLU	Spain	100%	211,979	28,140
Socieda Española de Colorantes Naturales y Afines SAU	Spain	100%	(74,799)	(71,546)
Vitivinícola Ramírez sl	Spain	50%	(9,929)	(665)
The Representative Office of Oterra A/S in Ho Chi Minh City	Vietnam	100%	1,689	561
Oterra Italia S.p.A	Italy	58%	78,406	26,694
Oterra S.p.A	Italy	58%	307,937	19,872
Erkon	Turkey	29%	104,317	58,989
EG Industriale S.R.L.	Italy	29%	8,498	(3,312)

Equity and result for year are based on consolidated IFRS figures.

12 Deferred tax

Deferred tax relates to:

DKK'000	2023/24	2022/23
Intangible assets	39,415	42,995
Property plant and equipment	(7,889)	(4,787)
Current assets	(8,163)	-
Liabilities	(10,465)	(7,653)
Tax loss	(41,217)	(131,127)
Total	(28,319)	(100,572)

Deferred tax has been recognized at 22%.

Deferred tax assets, including the tax base of tax loss carry-forwards, are recognized as the company estimates that the tax assets can be utilized within the foreseeable future by offsetting against future positive taxable income.

Notes

13 Share capital

The share capital comprises 9,202,158 shares of nominal DKK 1.0 each.

14 Non-current liabilities other than provisions

DKK'000	Total debt at Aug 31, 2024	Repayment next year	Long-term portion	Outstanding debt after 5 years
Borrowings	591,748	8,464	583,284	-
Lease liabilities	31,033	7,813	23,220	-
Other payables	31,896	20,998	-	10,898
Total	654,677	37,275	606,504	10,898

15 Contractual obligations and contingencies

The Company is jointly taxed with its Parent Company Spring TopCo DK ApS, which acts as management company, and is jointly and severely liable with other jointly taxed group entities for payment of Danish corporation taxes,

The Company has jointly with other group entities provided an absolute guarantee of DKK 643,867 thousand to Oterra Holding ApS,

Furthermore, shares in Oterra Colors Spain S,L,U, comprising DKK 509.9 million have been pledged with priority pursuant to a share pledge agreement in favour of the Company's bank.

Notes

16 Related parties

Oterra A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Oterra Holding ApS	Agern Allé 24, 2970 Hørsholm	Parent entity

Information about consolidated financial statements

Parent	Domicile
Spring TopCo DK ApS	Agern Allé 24, 2970 Hørsholm
Oterra Holding ApS	Agern Allé 24, 2970 Hørsholm

Related party transactions

Oterra A/S was engaged in the below related party transactions:

DKK'000	2023/24	2022/23
Recharges	(205,244)	(249,354)
Interest expenses	(122,640)	(157,399)
Interest income	64,113	31,038
Sale of goods	310,195	336,231
Purchase of goods	(223,257)	(178,754)
Remuneration to key management	(7,357)	(4,738)
Cash group contributions	608,245	854,757
Receivables at 31 Aug	945,041	778,361
Payables at 31 Aug	1,922,908	1,820,809

17 Appropriation of loss

Recommended appropriation of loss

DKK'000	2023/24	2022/23
Reserve for development costs	12,297	(4,697)
Retained earnings/accumulated loss	(435,953)	(480,669)
Total	(423,656)	(485,366)

Notes

18 Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.