BEIERHOLM
VI SKABER BALANCE

# Hydraulico A/S

Rådhusgade 87, 8300 Odder
CVR no. 11 81 03 30

## Annual report for 2024

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 09.05.25

Lars Bugge
Dirigent

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# Company information etc.

## The company

Hydraulico A/S
Rådhusgade 87
8300 Odder
Tel.: 87 80 20 00
Registered office: Odder
CVR no.: 11 81 03 30
Financial year: 01.01 - 31.12

## Executive Board

Bjarne Ravn Sørensen

## Board of Directors

Michael Gregers Mortensen
Lars Bugge
Jens Spaabæk Salling
Lise Spaabæk Salling Stokkebro

## Auditors

Beierholm
Godkendt Revisionspartnerselskab

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

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for Hydraulico A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.24 and of the results of the company's activities for the financial year 01.01.24 - 31.12.24.

We 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.

Odder, May 9, 2025

**Executive Board**

Bjarne Ravn Sørensen

**Board of Directors**

Michael Gregers Mortensen
Chairman

Lars Bugge

Jens Spaabæk Salling

Lise Spaabæk Salling Stokkebro

# Independent auditor's report

**To the Shareholders of Hydraulico A/S**

## Opinion

We have audited the financial statements of Hydraulico A/S 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. 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 company's financial position at 31.12.24 and of the results of the company's operations 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 financial statements" section of our report. 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Moreover, it is our responsibility to consider whether management's review provides the information required by law and regulations.

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 Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Plan and perform the audit of the financial statements to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for expressing an opinion on the financial statements. We are responsible for the direction, supervision and review of the audit work performed. 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.

Aarhus, May 9, 2025

**Beierholm**
Godkendt Revisionspartnerselskab
CVR no. 32 89 54 68

Jesper Resdal Thomsen
State Authorised Public Accountant
MNE-no. mne34536

## FINANCIAL HIGHLIGHTS

### Key figures

| Figures in DKK '000 | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| *Profit/loss* | | | | | |
| Operating profit | 11,211 | 4,951 | 11,673 | 6,751 | 4,291 |
| Index | 261 | 115 | 272 | 157 | 100 |
| Total net financials | 691 | -3,186 | -123 | -118 | -276 |
| Index | -250 | 1,154 | 45 | 43 | 100 |
| Profit for the year | 9,302 | 1,585 | 8,995 | 5,167 | 3,113 |
| Index | 299 | 51 | 289 | 166 | 100 |
| *Balance* | | | | | |
| Total assets | 57,571 | 67,281 | 83,063 | 40,063 | 38,643 |
| Investments in property, plant and equipment | 1,989 | 880 | 503 | 334 | 261 |
| Equity | 25,076 | 26,774 | 17,724 | 14,656 | 11,379 |

### Ratios

| | 2024 | 2023 | 2022 | 2021 | 2020 |
|---|---|---|---|---|---|
| *Profitability* | | | | | |
| Return on equity | 36% | 7% | 56% | 35% | 21% |
| *Equity ratio* | | | | | |
| Solvency ratio | 44% | 40% | 21% | 37% | 29% |

*Ratios definitions*

Return on equity: $\frac{\text{Profit/loss for the year x 100}}{\text{Average equity}}$

Solvency ratio: $\frac{\text{Equity, end of year x 100}}{\text{Total assets}}$

## Primary activities

The company's activities comprise of development, manufacturing, and sale of high tech hydraulic presses and production lines for the metalworking industry. Especially forging plants for turbine blades, rail switches for highspeed trains and plants for manufacturing of sinks, bathtubs, and plate heat exchangers.

## Development in activities and financial affairs

The income statement for the period 01.01.24 - 31.12.24 shows a profit of DKK 9,302,027 against DKK 1,585,159 for the period 01.01.23 - 31.12.23. The balance sheet shows equity of DKK 25,076,187.

The year 2024 developed as expected with a good balance in-between stand alone presses and press lines within our core business of deep drawing and forging. Our main activities was carried out in Europe, USA and India.

In 2024 we have strengthened our capabilities within project execution and prepared our production facility for further growth.

The management considers the net profit for the year to be satisfactory.

The expected result for 2024 was a profit before tax in the range of DKK 10,500k - 12,500k. The target was achieved.

## Outlook

Due to the uncertainties related to the geopolitical situation, among other the issue of trade tariffs, and due to the overall uncertain market conditions, the company also see some uncertainty to predict the result for 2025.

The company expects a profit before tax in the region of DKK 8,000 - 11,000k for the coming year.

## Subsequent events

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

# Income statement

| Note | | 2024<br>DKK | 2023<br>DKK |
|---|---|---|---|
| | **Gross profit** | **41,920,062** | **28,358,014** |
| 1 | Staff costs | -30,030,381 | -22,712,992 |
| | **Profit before depreciation, amortisation, write-downs and impairment losses** | **11,889,681** | **5,645,022** |
| | Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment | -678,368 | -694,447 |
| | **Operating profit** | **11,211,313** | **4,950,575** |
| 2 | Income from equity investments in group enterprises | 144,255 | 966,189 |
| 3 | Financial income | 621,083 | 292,055 |
| 4 | Financial expenses | -74,049 | -4,443,987 |
| | **Profit before tax** | **11,902,602** | **1,764,832** |
| 5 | Tax on profit for the year | -2,600,575 | -179,673 |
| | **Profit for the year** | **9,302,027** | **1,585,159** |

## Proposed appropriation account

| | | |
|---|---|---|
| Reserve for net revaluation according to the equity method | 144,255 | 966,189 |
| Proposed dividend for the financial year | 8,000,000 | 10,000,000 |
| Retained earnings | 1,157,772 | -9,381,030 |
| **Total** | **9,302,027** | **1,585,159** |

# Balance sheet

## ASSETS

| Note | | 31.12.24<br>DKK | 31.12.23<br>DKK |
|---|---|---|---|
| | Completed development projects | 0 | 123,332 |
| | Acquired rights | 0 | 61,096 |
| 7 | **Total intangible assets** | **0** | **184,428** |
| | Leasehold improvements | 2,206,037 | 706,471 |
| | Other fixtures and fittings, tools and equipment | 848,130 | 914,090 |
| 8 | **Total property, plant and equipment** | **3,054,167** | **1,620,561** |
| 9 | Equity investments in group enterprises | 1,668,192 | 1,438,483 |
| 9 | Other investments | 30,000 | 30,000 |
| 10 | Deposits | 744,320 | 758,642 |
| | **Total investments** | **2,442,512** | **2,227,125** |
| | **Total non-current assets** | **5,496,679** | **4,032,114** |
| | Raw materials and consumables | 225,893 | 224,900 |
| | Manufactured goods and goods for resale | 0 | 56,753 |
| | **Total inventories** | **225,893** | **281,653** |
| 11 | Work in progress for third parties | 34,063,790 | 21,956,196 |
| | Trade receivables | 4,230,112 | 3,729,700 |
| | Receivables from group enterprises | 2,553,563 | 875,886 |
| | Other receivables | 1,838,073 | 7,688,205 |
| 12 | Prepayments | 82,058 | 268,812 |
| | **Total receivables** | **42,767,596** | **34,518,799** |
| | **Cash** | **9,081,292** | **28,448,093** |
| | **Total current assets** | **52,074,781** | **63,248,545** |
| | **Total assets** | **57,571,460** | **67,280,659** |

# Balance sheet

## EQUITY AND LIABILITIES

| Note | | 31.12.24<br>DKK | 31.12.23<br>DKK |
|---|---|---|---|
| 14 | Share capital | 1,010,000 | 1,010,000 |
| | Reserve for net revaluation according to the equity method | 1,667,552 | 1,437,843 |
| | Reserve for development costs | 0 | 96,199 |
| | Cash flow hedging reserve | -993,713 | 91,608 |
| | Retained earnings | 15,392,348 | 14,138,377 |
| | Proposed dividend for the financial year | 8,000,000 | 10,000,000 |
| | **Total equity** | **25,076,187** | **26,774,027** |
| 15 | Provisions for deferred tax | 10,291,474 | 7,487,540 |
| 16 | Other provisions | 3,483,879 | 2,785,968 |
| | **Total provisions** | **13,775,353** | **10,273,508** |
| | Other payables | 0 | 1,768 |
| | **Total long-term payables** | **0** | **1,768** |
| | Payables to other credit institutions | 741,200 | 0 |
| 11 | Prepayments received from work in progress for third parties | 8,217,548 | 14,091,279 |
| | Trade payables | 5,410,159 | 10,915,072 |
| | Payables to group enterprises | 0 | 1,172,630 |
| | Other payables | 4,351,013 | 4,052,375 |
| | **Total short-term payables** | **18,719,920** | **30,231,356** |
| | **Total payables** | **18,719,920** | **30,233,124** |
| | **Total equity and liabilities** | **57,571,460** | **67,280,659** |

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# Statement of changes in equity

| Figures in DKK | Share capital | Reserve for net revaluation according to the equity method | Reserve for development costs | Cash flow hedging reserve | Retained earnings | Proposed dividend for the financial year | Total equity |
|---|---|---|---|---|---|---|---|
| Statement of changes in equity for 01.01.24 - 31.12.24 | | | | | | | |
| Balance as at 01.01.24 | 1,010,000 | 1,437,843 | 96,199 | 91,608 | 14,138,377 | 10,000,000 | 26,774,027 |
| Foreign currency translation adjustment of foreign enterprises | 0 | 85,454 | 0 | 0 | 0 | 0 | 85,454 |
| Dissolution of fair value reserve on realization | 0 | 0 | 0 | -91,608 | 0 | 0 | -91,608 |
| Total depreciation, amortisation, impairment losses and write-downs during the year | 0 | 0 | -96,199 | 0 | 96,199 | 0 | 0 |
| Fair value adjustment of hedging instruments | 0 | 0 | 0 | -1,273,991 | 0 | 0 | -1,273,991 |
| Dividend paid | 0 | 0 | 0 | 0 | 0 | -10,000,000 | -10,000,000 |
| Tax on changes in equity | 0 | 0 | 0 | 280,278 | 0 | 0 | 280,278 |
| Net profit/loss for the year | 0 | 144,255 | 0 | 0 | 1,157,772 | 8,000,000 | 9,302,027 |
| Balance as at 31.12.24 | 1,010,000 | 1,667,552 | 0 | -993,713 | 15,392,348 | 8,000,000 | 25,076,187 |

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|

## 1. Staff costs

| | | |
|---|---|---|
| Wages and salaries | 26,146,525 | 19,654,387 |
| Pensions | 2,063,436 | 1,560,875 |
| Other social security costs | 81,068 | 69,870 |
| Other staff costs | 1,739,352 | 1,427,860 |
| Total | 30,030,381 | 22,712,992 |
| Average number of employees during the year | 37 | 34 |

Remuneration for the management:

| | | |
|---|---|---|
| Remuneration for the Executive Board and Board of Directors | 2,050,482 | 2,170,196 |

With reference to section 98b(3) no. 1 of the Danish Financial Statements Act, remuneration for the Executive Board and Board of Directors are summarized for 2024 and 2023, as information would otherwise lead to amounts being shown for a single member of management.

## 2. Income from equity investments in group enterprises

| | | |
|---|---|---|
| Share of profit or loss of group enterprises | 144,255 | 966,189 |
| Total | 144,255 | 966,189 |

## 3. Financial income

| | | |
|---|---|---|
| Interest, group enterprises | 0 | 10,630 |
| Other interest income | 271,273 | 204,600 |
| Foreign currency translation adjustments | 203,802 | 0 |
| Other financial income | 146,008 | 76,825 |
| Total | 621,083 | 292,055 |

| | 2024<br>DKK | 2023<br>DKK |
|---|---|---|

## 4. Financial expenses

| | | |
|---|---|---|
| Interest, group enterprises | 15,057 | 0 |
| Other interest expenses | 58,992 | 13,375 |
| Foreign currency translation adjustments | 0 | 418,412 |
| Other financial expenses | 0 | 4,012,200 |
| Total | 74,049 | 4,443,987 |

## 5. Tax on profit for the year

| | | |
|---|---|---|
| Adjustment of deferred tax for the year | 2,600,575 | 179,673 |
| Total | 2,600,575 | 179,673 |

## 6. Proposed appropriation account

| | | |
|---|---|---|
| Reserve for net revaluation according to the equity method | 144,255 | 966,189 |
| Proposed dividend for the financial year | 8,000,000 | 10,000,000 |
| Retained earnings | 1,157,772 | -9,381,030 |
| Total | 9,302,027 | 1,585,159 |

## 7. Intangible assets

| Figures in DKK | Completed development projects |
|---|---|
| Cost as at 01.01.24 | 1,575,580 |
| Disposals during the year | 0 |
| Cost as at 31.12.24 | 1,575,580 |
| Amortisation and impairment losses as at 01.01.24 | -1,452,248 |
| Amortisation during the year | -123,332 |
| Amortisation and impairment losses as at 31.12.24 | -1,575,580 |
| Carrying amount as at 31.12.24 | 0 |

## 8. Property, plant and equipment

| Figures in DKK | Leasehold improvements | Other fixtures and fittings, tools and equipment |
|---|---|---|
| Cost as at 01.01.24 | 1,268,954 | 4,413,107 |
| Additions during the year | 1,729,935 | 258,706 |
| Cost as at 31.12.24 | 2,998,889 | 4,671,813 |
| Depreciation and impairment losses as at 01.01.24 | -562,483 | -3,499,016 |
| Depreciation during the year | -230,369 | -324,667 |
| Depreciation and impairment losses as at 31.12.24 | -792,852 | -3,823,683 |
| Carrying amount as at 31.12.24 | 2,206,037 | 848,130 |

## 9. Investments

| Figures in DKK | Equity investments in group enterprises | Other investments |
|---|---|---|
| Cost as at 01.01.24 | 640 | 30,000 |
| Cost as at 31.12.24 | 640 | 30,000 |
| Revaluations as at 01.01.24 | 1,437,843 | 0 |
| Foreign currency translation adjustment of foreign enterprises | 85,454 | 0 |
| Net profit/loss from equity investments | 144,255 | 0 |
| Revaluations as at 31.12.24 | 1,667,552 | 0 |
| Carrying amount as at 31.12.24 | 1,668,192 | 30,000 |

| Name and registered office: | Ownership interest |
|---|---|
| Subsidiaries: | |
| Hydraulico INC, USA | 100% |

## 10. Other non-current financial assets

| Figures in DKK | Deposits |
|---|---|
| Cost as at 01.01.24 | 758,642 |
| Additions during the year | 21,154 |
| Disposals during the year | -35,476 |
| Cost as at 31.12.24 | 744,320 |
| Carrying amount as at 31.12.24 | 744,320 |

| | 31.12.24<br>DKK | 31.12.23<br>DKK |
|---|---|---|

## 11. Work in progress for third parties

| | | |
|---|---|---|
| Work in progress for third parties | 269,921,441 | 175,778,299 |
| On-account invoicing | -244,075,199 | -167,913,382 |
| Total work in progress for third parties | 25,846,242 | 7,864,917 |
| Work in progress for third parties is recognized in the balance sheet as: | | |
| Work in progress for third parties | 34,063,790 | 21,956,196 |
| Prepayments received from work in progress for third parties, short-term payables | -8,217,548 | -14,091,279 |
| Total | 25,846,242 | 7,864,917 |

## 12. Prepayments

| | | |
|---|---|---|
| Other prepayments | 82,058 | 268,812 |
| Total | 82,058 | 268,812 |

## 13. Equity investments in group enterprises

| | | |
|---|---|---|
| Positive balances ascertainable on initial recognition of equity investments measured at equity value | 1,668,192 | 1,438,483 |

| Name and registered office: | Ownership interest |
|---|---|
| Hydraulico INC, USA | 100% |

## 14. Share capital

The share capital consists of:

| | Quantity | Total nominal value DKK |
|---|---|---|
| Share capital | 1,010 | 1,010,000 |
| Total | | 1,010,000 |

| | 31.12.24 DKK | 31.12.23 DKK |
|---|---|---|

## 15. Deferred tax

| | | |
|---|---|---|
| Deferred tax as at 01.01.24 | 7,487,540 | 5,872,266 |
| Additions relating to mergers and acquisition of enterprises | 0 | 36,902 |
| Deferred tax recognised in the income statement | 3,084,212 | 1,552,534 |
| Deferred tax recognised in equity | -280,278 | 25,838 |
| Deferred tax as at 31.12.24 | 10,291,474 | 7,487,540 |

## 16. Other provisions

| Figures in DKK | Warranty commitments |
|---|---|
| Provisions as at 01.01.24 | 2,780,302 |
| Applied during the year | -651,358 |
| Provisions during the year | 1,354,935 |
| Provisions as at 31.12.24 | 3,483,879 |

| | 31.12.24<br>DKK | 31.12.23<br>DKK |
|---|---|---|
| Other provisions are expected to be distributed as follows: | | |
| Current liabilities | 3,483,879 | 2,785,968 |
| Total | 3,483,879 | 2,785,968 |

## 17. Fair value information

| Figures in DKK | Derivative financial instruments |
|---|---|
| Fair value as at 31.12.24 | -1,273,991 |
| Unrealised changes of fair value recognised in equity for the year | -1,391,437 |

## 18. Derivative financial instruments

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company concludes contracts for the sole purpose of hedging the currency risk on the future sale of goods in foreign currency. At the end of a 2024, a future sale of goods of USD 3,175k was secured for a period of up to 5 months. The fair value of the forward exchange contracts amounts to DKK 21.412k as at 31.12.24, and the unrealised net loss before tax recognised in equity as at 31.12.24 also constitutes DKK -1.274k.

Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

## 19. Contingent liabilities

*Lease commitments*

The company has concluded lease agreements with terms to maturity of 8-30 months and total lease payments of DKK 3,442k. This includes lease agreements concluded with group enterprises , but the agreements are also specified separately below.

The company has concluded lease agreements with group enterprises with terms to maturity of 12 months and average lease payment of DKK 158k, a total of DKK 1,895k.

*Guarantee commitments*

The company has provided a performance bond of DKK 12,080k via credit institutions and insurance institutions

*Other contingent liabilities*

The company is taxed jointly with the other 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.

## 20. Charges and security

The company has provided a company charge of DKK 9,000k as security for debt to credit institutions of DKK 741k. As at 31.12.24, the company charge comprises goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, trade receivables as well as fuel and other ancillary materials. The total carrying amount of the comprised assets is DKK 10,832k.

The company has provided a company charge for debt to credit institutions of DKK 741k, comprising cash equivalent whose carrying ammount is DKK 9,081k.

As security for work guarantee via credit institutions DKK 1,339k, a mortgage has been provided comprising cash equivalent whose carrying ammount is DKK 0.

## 21. Related parties

| Controlling influence | Basis of influence |
|---|---|
| TS Holding ApS, Odder | Ultimativ modervirksomhed |
| TS Holding II ApS, Odder | Modervirksomhed |
| Torkild Lundsby Salling | |

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

Remuneration for the management is specified in note 1. Staff costs.

The Company is included in the consolidated financial statement of the parent company TS Holding ApS, Odder kommune.

## 22. Accounting policies

### GENERAL

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

The accounting policies have been applied consistently with previous years.

### 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.

### BUSINESS COMBINATIONS

For combined enterprises subject to common control, the pooling of interests method is used. The pooling of interests is deemed to be completed at the date of acquisition without restatement of comparative figures. The difference between the agreed consideration and the equity value of the acquired enterprise is recognised in equity.

### CURRENCY

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

**22. Accounting policies** - continued -

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.

**DERIVATIVE FINANCIAL INSTRUMENTS**

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

**22. Accounting policies** - continued -

### LEASES

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

### GRANTS

Grants are recognised when there is reasonable certainty that the grant conditions have been met and that the grant will be received.

Grants to cover expenses incurred are recognised on a proportionate basis in the income statement over the period in which the expenses eligible for grants are expensed. Grants are recognised under other operating income.

### INCOME STATEMENT

#### Gross profit

Gross profit comprises revenue, work performed for own account and capitalised, other operating income and raw materials and consumables and other external expenses.

#### Revenue

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

#### Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

**22. Accounting policies** - continued -

### Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

### 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.

### 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

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 |
|---|---|---|
| Completed development projects | 3-5 | |
| Acquired rights | 12 | 0 |
| Leasehold improvements | 5 | 0 |
| Other plant, fixtures and fittings, tools and equipment | 5-8 | 0 |

**22. Accounting policies** - continued -

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.

**Income from equity investments in group entreprises**

For equity investments in equity investments in subsidiaries, 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 denominated in foreign currencies etc. are recognised in other net financials.

**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.

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.

**22. Accounting policies** - continued -

**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.

*Acquired rights*

Aquired 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.

**22. Accounting policies** - continued -

**Property, plant and equipment**

Property, plant and equipment comprise 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.

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.

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.

**Equity investments in group entreprises**

Equity investments in subsidiaries are recognised and measured according to the equity method. 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.

Under 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.

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.

**22. Accounting policies** - continued -

### 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.

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 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.

**22. Accounting policies** - continued -

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

### Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

### Prepayments

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

### Other investments

Equity investments that are not classified as group enterprises, associates or participating interests and which are not traded in an active market are measured in the balance sheet at cost.

### Cash

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

## 22. Accounting policies - continued -

### 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 net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

An amount equivalent to internally generated development costs in the balance sheet is recognised 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 gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

### Provisions

Other provisions comprise expected expenses incidental to warranty commitments, loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Warranty commitments comprise the obligation to repair defective work within the warranty period. Warranty commitments are measured at net realisable value and recognised based on previous years' experience with warranty work.

### 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.

**22. Accounting policies** - continued -

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 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 or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates 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.

**CASH FLOW STATEMENT**

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