

GEA PROCESS ENGINEERING A/S

Gladsaxevej 305, DK-2860 Søborg

CVR no.: 10 05 07 15

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# **GEA PROCESS ENGINEERING A/S**

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## Annual Report for 2023

The Annual Report was presented and adopted at the Annual General Meeting of the company on 12/06/2024

Charlotte Thorsen  
Chairman of the general meeting

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## Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of GEA PROCESS ENGINEERING A/S for the financial year 1 January - 31 December 2023.

The Annual Report is 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 assets, liabilities, and financial position at 31 December 2023 and of the results of the Company's operations for 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Søborg, 12 June 2024

### Executive Board

Ulrik Lund Jakobsen  
CEO

Michael Friis  
Executive Officer

Catherine Douzon-Damgaard  
Executive Officer

### Board of Directors

Ilija Aprcovic  
Chairman

Ulla Michelsen

Matthias Decker

Nanna Borne  
Employee representative

## **Independent auditor's report**

To the shareholders of GEA Process Engineering A/S

### **Opinion**

We have audited the financial statements of GEA Process Engineering A/S for the financial year 1 January – 31 December 2023 comprising 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

### **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, that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these financial statements.

## **Independent auditor's report**

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

We also

- identify and assess the risks of material misstatement of the company 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.

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 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, 12 June 2024

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Kenn Wolff Hansen  
State Authorised  
Public Accountant  
mne30154

Stine Inger Pedersen  
State Authorised  
Public Accountant  
mne47771

## Company information

**The Company**            GEA PROCESS ENGINEERING A/S  
Gladsaxevej 305  
DK-2860 Søborg  
Telephone: +45 39 54 54 54  
CVR Number: 10 05 07 15  
Financial period: 1 January - 31 December  
Municipality of reg. office: Gladsaxe

**Board of Directors**    Ilija Aprcovic, chairman  
Ulla Michelsen  
Matthias Decker  
Nanna Borne

**Executive Board**        Ulrik Lund Jakobsen  
Michael Friis  
Catherine Douzon-Damgaard

**Auditors**                KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfærgevej 28  
2100 København Ø

**Bankers**                 Danske Bank  
Bernstorffsgade 40  
1577 København V

## Financial highlights

DKK million	2023	2022	2021	2020	2019
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	1,938	2,195	2,038	1,965	2,101
Profit/loss before financial income and expenses	197	248	373	137	102
Profit/loss of financial income and expenses	182	162	54	16	-42
Net profit/loss	321	345	328	89	21
<b>Balance sheet</b>					
Balance sheet total	2,493	2,396	2,389	2,875	2,593
Investment in property, plant, and equipment	6	5	5	4	7
Equity	969	1,020	973	1,054	964
<b>Ratios</b>					
Profit margin	10.2%	11.3%	18.3%	7.0%	4.9%
Return on assets	7.9%	10.4%	15.6%	4.8%	3.9%
Solvency ratio	38.9%	42.6%	40.7%	36.7%	37.2%
Return on equity	32.3%	34.6%	32.4%	8.8%	2.1%

As of 1 May 2023, a carve out of the Liquid activities was performed. Comparison numbers in the financial highlights overview have not been restated.

### Explanation of financial ratios

Profit Margin	$\text{Profit before financials} \times 100 / \text{Revenue}$
Return on Assets	$\text{Profit before financials} \times 100 / \text{Total assets at year end}$
Solvency Ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on Equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$



## **Management's review**

### **Key activities**

As in previous years, the core activity of the company has been engineering and supply of industrial processing plants.

### **Development in the year**

The operating profit for the year is DKK 197 million compared to an operating profit of DKK 248 million in 2022. The profit margin has though decreased from 11.3% in 2022 to 10.2% in 2023 due to challenges in the execution of some projects and lower sales activity. Management considers the result of the year satisfactory in times of headwinds in the macro-economic environment. During 2023 the company has successfully maintained a strong market position.

### **Targets and expectations for the year ahead**

The expectations for sales in 2024 are lower than 2023, considering continued headwinds in the macro-economic environment and also due to the Liquid business being carved out during 2023 into the newly established company GEA Liquid Technologies A/S. Management foresees also continued intense competition.

### **Special risks, operating risks, and financial risks**

#### Operating risks

The company's principal operational risk is related to the ability of being strongly positioned in the important markets. Furthermore, it is important for the company to be at the cutting edge of the development within process engineering, including having the possibility to attract and keep employees with qualifications and experience facilitating this objective.

#### Financial risks

Because of the financial position of the company and its financial resources, the company is only exposed to changes in the interest level to a limited extent. The company is, however, exposed to currency risks related to the current operation. The company primarily covers its currency risks by forward contracts.

#### Credit risks

The credit risks of the company are primarily related to accounts receivable in the balance sheet. The company has no major risks regarding single engagements. The company's policy when accepting credit risks means that all larger customers and partners are subject to current credit rating.

### **Knowledge resources**

The ability of the company to attract and retain highly educated employees is essential to its continuous growth, including engineers with expertise in process development and automation. To ensure continuous competitive products the company is investing in the most modern process tools and research environments. This demands high skills, and substantial resources are thus also invested to develop the competences of the employees.

## **Management's review**

### **Research and development**

The company is continuously engaged in adaptation and improvement of its plants and processes as well as in new developments. The costs of research and development are recognized in the profit and loss statement unless development cost meets the requirements for recognition in the balance sheet.

### **Statement of corporate social responsibility**

The core activity of the company is engineering and supply of industrial processing plants. The company is a 100% owned subsidiary of GEA Group Holding GmbH, Germany, which is 100% owned by GEA Group Aktiengesellschaft, Germany. The ultimate parent of the company includes business model, in addition to policy, actions, results and risks to each of the mandatory areas under 99a of the Danish Financial Statements Act. Therefore, we refer to the Group's annual report 2023, which can be found here:

<https://www.gea.com/en/company/investor-relations/events-releases/annual-reports/index.jsp>

The below presents an overview of the implemented local CSR initiatives within the company and how we live up to the Group's expectations and commitments. Risks and how are they managed are reported on Group level.

### **Climate and environment**

The company affects the environment via processing equipment and plants for industrial use delivered to customers. Thus, minimizing the environmental impact of the company is best achieved through its customers by delivering optimized solutions. The current strategy named Mission 26 has a Net Zero by 2040 commitment which of course reflects on the GEA Process Engineering A/S entity. 2040 is 10 years ahead of the target set by the European Union. Further sustainability targets include that all solutions will be offered with zero freshwater usage by 2030 and 50% of total energy demand is covered by certified energy management systems by 2026. Regarding the two focus areas – Sustainability and New Food - both serve to reduce impact on the climate and environment. The latter indirectly through less climate and environmental impact early in the food production chain, e.g. at farms. However, GEA Process Engineering A/S contributes to the trend with new solutions that enables downstream processing of New Foods. On sustainability, the focus is on reducing energy and water consumption at our customers' production sites. To implement the strategy the company has already increased the number of employees working on sustainability and sustainability is the innovation area with the highest planned new investments. In addition to the above, several smaller initiatives can be mentioned. These include technology developments to reduce the consumption of compressed air which is very energy intensive to produce as well as initiatives at the Soeborg Test Centre to significantly reduce water utilization.

### **High Potential and Talent Pools and Focus on Development**

GEA Process Engineering A/S' continued success is dependent on being able to retain experienced employees and managers and to recruit new, talented employees and managers to our company. Accordingly, we place importance on providing an attractive workplace with good opportunities for personal development.

## Management's review

In 2021 we launched a global talent and high potential development program for us to retain great talent in the organization and secure solid succession planning. This is done by building a pool of trained workers who are ready to fill key roles when leaders and other key employees step down.

### Suppliers and human rights

The company has assessed that the biggest exposure regarding human rights is within the supplier area. This area is separately treated in the GEA Compliance Handbook. Local and international regulations on conditions of employment, working hours and health and safety conditions are observed in order to comply with the high standard stated in the internal GEA Compliance Handbook. The Compliance Handbook specifically states that discrimination of employees by virtue of sex, sexual orientation, origin, color of skin, or other personal features are strictly forbidden. Our purchase organization is responsible for vendor management and procures workshop components, third party equipment and services for customer projects and after sales business. Workshop components are manufactured based on our drawings and specifications in external workshops in and outside Denmark. Third party services are purchased in accordance with framework supplier agreements or on a case-by-case basis depending on the characteristics of the supplier or product market. The purchasing staff are all well-trained in 'good purchasing practice' and the legal aspects of purchasing. Every purchaser has taken an on-line test in anti-corruption and export control organized by GEA Group Compliance Management.

The procedures on external workshop audits include evaluation of working conditions, maintenance of production facilities, cleaning, training of workshop staff and safety measures at the workshop. This has positively contributed to no registered breaches on our internal procedures or any severe noncompliance of our suppliers in 2023. We expect to maintain our focus in this area in the future.

### Gender composition of the Danish Financial Statements Act §99b

The Board of Directors of GEA Process Engineering A/S has three members selected by the Annual General Meeting, one of which is female and two of which are men. Additionally, the Executive Board of GEA Process Engineering A/S also has three members of which one is female and two are men. In accordance with the requirements under §99b of the Danish Financial Statements Act, GEA Process Engineering A/S therefore considers the Board of Directors and the Executive Board to be gender balanced and has not set any further targets.

As of 31. December 2023, the share of the underrepresented gender in upper management at GEA Process Engineering A/S, which operate in the mechanical engineering industry, is 18,6%. Our target is, according with our global Mission 26, a 21% female representation in our top three management tiers. We have not yet achieved the targeted level of 21% female representation in upper management, and therefore we maintain a strong focus on our diversity and inclusion policy to continue progressing. Generally, our actions can be divided into two pillars: Recruitment and development of existing employees.

#### Recruitment:

- With the explicit aim to drive gender diversity in management positions at GEA, our Global Placement Policy introduces a requirement to consider at least one qualified candidate from the underrepresented gender within the short-list of candidates selected for an interview for all

management positions at GEA Process Engineering A/S.

- When the need arises, and GEA Process Engineering A/S opts for using external recruitment agencies to fill an open management position, we aim to only use agencies that can commit themselves to being able to present candidates from both legal genders.
- When GEA Process Engineering A/S has a stand at a career fair, we ensure that our booth always includes female engineers for soon-to-be graduates and students to have a dialogue with. This to make sure we are viewed as an attractive employer on the labor market as well as to secure the company's future viability. We attach utmost importance to a corporate culture that fosters diversity, equality, and inclusion.
- We will launch a project which aims to ensure that GEA Process Engineering A/S writes gender neutral job advertisements. Gender neutral job advertisements play a focal role in promoting gender equality by eradicating biases and creating an equitable recruitment process. By eradicating biases, our job advertisements will not discourage certain groups from applying for employment.

Development of existing employees:

- *Talent Pipeline Program:* Continue to focus on getting female talents enrolled in our company-wide Talent Pipeline program, which is intended to shape the managers of the future at GEA Process Engineering A/S. A total of 62,5% of employees enrolled in our Talent Pipeline program in 2023 was female.
- *Lean In:* Continue broadening and enabling our female network, Lean-In, to help women achieve their ambitions and to create an equal workplace. These networks, also known as circles, are about identifying new opportunities, building connections with fellow circle members, and encouraging women to be more confident and to improve their leadership skills.
- *Female Mentoring at GEA:* A pilot project was launched in 2023 that enables female employees to be matched with female leaders at GEA for more tailored, one-on-one dialogue. GEA offers 20 high-potential female employees a one-year mentoring program. Led by 20 experienced female managers, this program helps participants accelerate their professional development within GEA. Due to the positive feedback on the initiative, a larger implementation of said project, is in scope.

This policy applies to the upper management of GEA Process Engineering A/S as defined in the Danish Companies Act section 139 c (4). We pledge our commitment to the abovementioned actions to reach our target number for the underrepresented gender by 2026.

## Management's review

	2023	2022	2021	2020	2019
<b>Employee figures</b>					
Number of employees	714	776	753	754	772
Number of members in Board of Directors	3	3	3	3	3
Gender composition in Board of Directors (ratio men:women)	67:33	67:33	67:33	67:33	67:33
Gender composition target in Board of Directors (ratio men:women) and target year	N/A	N/A	N/A	N/A	N/A
Number of employees at other managerial levels	43	N/A	N/A	N/A	N/A
Gender composition at other managerial levels (ratio men:women)	81:19	N/A	N/A	N/A	N/A
Gender composition target at other managerial levels (ratio men:women)	79:21	N/A	N/A	N/A	N/A
Gender composition target year at other managerial levels	2026	N/A	N/A	N/A	N/A

### Policy for data ethics

The company has adopted the GEA Group's policies for data protection and corporate social responsibility. Embedded in these policies is a commitment to the safe processing and handling of data and ethical business practices which includes:

- The collection, storage, and processing of personal data.
- The consideration of data protection policies of vendors and 3rd parties.
- The use of data to achieve sustainability targets.
- The mandatory training of employees in data protection.

The company primarily processes data relating to human resources, customer interactions and supplier contact. The company controls that data is collected for explicit and legitimate purposes and processed lawfully and fairly, as well as in a transparent manner in relation to the data subject.

A further description of the GEA Group's principles and policies is available in the 2023 Sustainability Report which can be found here: <https://www.gea.com/en/company/sustainability/index.jsp>

## Income Statement 1 January – 31 December

DKK thousand	Notes	2023	2022
Revenue	1	1,938,392	2,194,607
Production expenses	2, 3	-1,278,091	-1,410,365
<b>Gross profit</b>		<b>660,301</b>	<b>784,242</b>
Distribution expenses	3, 4	-189,343	-237,250
Research and development expenses	3, 5	-74,792	-69,196
Administrative expenses	3, 6	-199,486	-229,949
<b>Profit before financial income and expenses</b>		<b>196,680</b>	<b>247,847</b>
Income from investments in subsidiaries	7	189,404	171,403
Financial income	8	14,512	1,330
Financial expenses	9	-21,477	-10,540
<b>Profit before tax</b>		<b>379,119</b>	<b>410,040</b>
Tax on profit for the year	10	-58,598	-65,103
<b>Net profit for the year</b>		<b>320,521</b>	<b>344,937</b>

## Balance Sheet 31 December

### Assets

DKK thousand	Notes	2023	2022
Completed development projects		38,037	30,720
Acquired intangible assets		18,327	18,973
Goodwill		4,817	6,423
Development projects in progress		71,434	56,767
<b>Intangible assets</b>	12	<b>132,615</b>	<b>112,883</b>
Plant and machinery		8,012	8,494
Other fixtures and fittings, tools, and equipment		1,339	2,008
Leasehold improvements		23,509	36,312
Property, plant, and equipment in progress		3,962	3,533
<b>Property, plant, and equipment</b>	13	<b>36,822</b>	<b>50,347</b>
Investment in subsidiaries	14	1,184,803	1,019,240
Other investments	15	4,834	4,834
Deposits	15	9,524	9,267
<b>Fixed asset investments</b>		<b>1,199,161</b>	<b>1,033,341</b>
<b>Fixed assets</b>		<b>1,368,598</b>	<b>1,196,571</b>
Raw materials and consumables		152,170	132,561
<b>Inventories</b>		<b>152,170</b>	<b>132,561</b>
Trade receivables		157,678	137,406
Contract work in progress	16	140,901	188,182
Receivables from group enterprises		517,503	635,535
Other receivables		76,756	74,819
Prepayments	17	4,193	3,808
<b>Receivables</b>		<b>897,031</b>	<b>1,039,750</b>
<b>Cash at bank and in hand</b>		<b>75,223</b>	<b>27,387</b>
<b>Current assets</b>		<b>1,124,424</b>	<b>1,199,698</b>
<b>Total Assets</b>		<b>2,493,022</b>	<b>2,396,269</b>

## Balance Sheet 31 December

### Equity and liabilities

DKK thousand	Notes	2023	2022
Share capital		100,000	100,000
Reserve for development cost		81,062	67,548
Retained earnings		415,015	852,478
Proposed Dividend		372,645	0
<b>Equity</b>		<b>968,722</b>	<b>1,020,026</b>
Provision for deferred tax	18	248,849	242,866
Warranty and other provisions	19	33,846	49,873
<b>Provisions</b>		<b>282,695</b>	<b>292,739</b>
Trade payables		186,194	297,386
Contract work in progress, liabilities	16	379,910	466,098
Payables to group enterprises		489,895	105,394
Corporation tax		41,128	66,593
Other payables		144,478	148,033
<b>Short-term debt</b>		<b>1,241,605</b>	<b>1,083,504</b>
<b>Debt</b>		<b>1,524,300</b>	<b>1,083,504</b>
<b>Total Liabilities and equity</b>		<b>2,493,022</b>	<b>2,396,269</b>
Profit allocation	11		
Contingent assets, liabilities, and other financial obligations	20		
Related parties	21		
Subsequent events	22		
Accounting policies	23		



## Statement of equity

DKK thousand	Share capital	Reserve for develop- ment costs	Retained earnings	Proposed Dividend	Total
Equity at 1. January	100,000	67,548	852,478	0	1,020,026
Dividends paid	0	0	-371,825	0	-371,825
Proposed dividends for the year	0	0	-372,645	372,645	0
Development costs for the year	0	13,514	-13,514	0	0
Net profit for the year	0	0	320,521	0	320,521
<b>Equity at 31. December</b>	<b>100,000</b>	<b>81,062</b>	<b>415,015</b>	<b>372,645</b>	<b>968,722</b>

### Share Capital

The share capital consists of 2 shares of a nominal value of DKK 50,000,000. No shares carry any special rights.

## Notes to the Financial Statements

DKK thousand	<u>2023</u>	<u>2022</u>
<b>1. Revenue</b>		
Project	1,608,998	1,809,374
Service and Components	<u>329,394</u>	<u>385,233</u>
	<b><u>1,938,392</u></b>	<b><u>2,194,607</u></b>

The company operates globally, but under the same organization of their sales of projects and services across national borders. Thus, the geographical segment information has not been disclosed.

### 2. Production expenses

Cost of goods sold	1,031,980	1,157,103
Wages and salaries	249,474	256,829
Impairment and reversal of write-offs of inventories	<u>-3,363</u>	<u>-3,567</u>
	<b><u>1,278,091</u></b>	<b><u>1,410,365</u></b>

### 3. Staff expenses

Wages and salaries	588,881	561,019
Pensions	52,294	51,728
Social security	<u>7,566</u>	<u>6,359</u>
	<b><u>648,741</u></b>	<b><u>619,106</u></b>
Including remuneration to Executive Board and Board of Directors		
Executive Board	8,795	8,742
Board of Directors	<u>100</u>	<u>100</u>
	<b><u>8,895</u></b>	<b><u>8,842</u></b>
Average number of employees	<u><b>714</b></u>	<u><b>776</b></u>

### 4. Distribution expenses

Wages and salaries	149,974	140,462
Depreciation and amortization	12,629	9,138
Other expenses	53,527	106,387
Charged to group companies	<u>-26,787</u>	<u>-18,737</u>
	<b><u>189,343</u></b>	<b><u>237,250</u></b>

## Notes to the Financial Statements

DKK thousand	<u>2023</u>	<u>2022</u>
<b>5. Research and development expenses</b>		
Wages and salaries	46,823	48,284
Depreciation and amortization	10,460	11,677
Other expenses	296	-750
Charged from group companies	<u>17,213</u>	<u>9,985</u>
	<b><u>74,792</u></b>	<b><u>69,196</u></b>
<b>6. Administrative expenses</b>		
Wages and salaries	202,470	173,531
Depreciation and amortization	19,891	23,633
Other expenses	11,664	12,264
Charged to/from group companies	<u>-34,539</u>	<u>20,521</u>
	<b><u>199,486</u></b>	<b><u>229,949</u></b>
<b>7. Income from investments in subsidiaries</b>		
Gain (+) /loss (-) on disposal of shares in subsidiaries	0	-10,692
Impairment of investment in subsidiaries	0	-7,779
Reversal of prior year impairment	60,068	0
Dividends from subsidiaries	<u>129,336</u>	<u>189,874</u>
	<b><u>189,404</u></b>	<b><u>171,403</u></b>
<b>8. Financial income</b>		
Interest received from Group enterprises	6,632	1,330
Exchange adjustments, income	<u>7,880</u>	<u>0</u>
	<b><u>14,512</u></b>	<b><u>1,330</u></b>
<b>9. Financial expenses</b>		
Interest paid to group enterprises	9,084	1,237
Other financial expenses	12,393	3,852
Exchange adjustments, expenses	<u>0</u>	<u>5,451</u>
	<b><u>21,477</u></b>	<b><u>10,540</u></b>

## Notes to the Financial Statements

DKK thousand	<u>2023</u>	<u>2022</u>
<b>10. Income tax expense</b>		
Current tax for the year	43,897	66,593
Deferred tax for the year	4,795	-4,521
Other taxes	10,502	5,930
Adjustment of tax concerning previous years	-1,784	-3,921
Adjustment of deferred tax concerning previous years	1,188	1,022
	<u><b>58,598</b></u>	<u><b>65,103</b></u>
<b>11. Profit Allocation</b>		
Extraordinary dividend paid	371,825	297,456
Ordinary dividend proposed	372,645	0
Retained earnings	-423,949	47,481
	<u><b>320,521</b></u>	<u><b>344,937</b></u>
<b>Extraordinary dividend after year-end</b>	<u><b>372,645</b></u>	<u><b>371,825</b></u>

## 12. Intangible fixed assets

DKK thousand	<u>Completed Development Projects</u>	<u>Acquired patents</u>	<u>Goodwill</u>	<u>Development Projects in Progress</u>
Cost at 1 January	306,344	44,579	81,225	56,767
Additions for the year	0	2,348	0	45,728
Disposals for the year	-102,474	-10,388	0	-2,857
Transfers for the year	28,204	0	0	-28,204
<b>Cost at 31 December</b>	<u><b>232,074</b></u>	<u><b>36,539</b></u>	<u><b>81,225</b></u>	<u><b>71,434</b></u>
Impairment losses and amortizations at 1 January	275,624	25,606	74,802	0
Amortizations for the year	20,887	2,994	1,606	0
Impairment and amortization of sold assets for the year	-102,474	-10,388	0	0
<b>Impairment losses and amortizations at 31 December</b>	<u><b>194,038</b></u>	<u><b>18,212</b></u>	<u><b>76,408</b></u>	<u><b>0</b></u>
<b>Carrying amount at 31 December</b>	<u><b>38,037</b></u>	<u><b>18,327</b></u>	<u><b>4,817</b></u>	<u><b>71,434</b></u>

## Notes to the Financial Statements

### 13. Property, plant, and equipment

DKK thousand	Plant and machinery	Other fixtures and fittings, tools, and equipment	Leasehold improvements	Property, plant, and equipment in progress
Cost at 1 January	72,352	10,512	119,499	3,533
Additions for the year	740	40	42	5,130
Disposals for the year	-6,732	-1,387	0	0
Transfers for the year	4,103	598	0	-4,701
<b>Cost at 31 December</b>	<b>70,463</b>	<b>9,763</b>	<b>119,541</b>	<b>3,962</b>
Impairment losses & Depreciations at 1 January	63,858	8,504	83,187	0
Depreciations for the year	4,155	637	12,845	0
Depreciations on disposals for the year	-5,562	-717	0	0
<b>Impairment losses &amp; Depreciations on 31 December</b>	<b>62,451</b>	<b>8,424</b>	<b>96,032</b>	<b>0</b>
<b>Carrying amount on 31 December</b>	<b>8,012</b>	<b>1,339</b>	<b>23,509</b>	<b>3,962</b>

DKK thousand	2023	2022
<b>14. Investment in subsidiaries</b>		
Cost on 1 January	1,399,528	1,444,087
Additions for the year	105,495	0
Disposal for the year	0	-44,559
<b>Cost on 31 December</b>	<b>1,505,023</b>	<b>1,399,528</b>
Value adjustments at 1 January	-380,288	-372,507
Revaluations for the year, net	0	-105,031
Reversal for the year of revaluations in previous years	60,068	97,250
<b>Value adjustments on 31 December</b>	<b>-320,220</b>	<b>-380,288</b>
<b>Carrying amount on 31 December</b>	<b>1,184,803</b>	<b>1,019,240</b>

## Notes to the Financial Statements

The company has calculated the recoverable amount for the individual subsidiaries and compared these to the carrying amount of these. The recoverable amount derived in connection with the impairment test is calculated on the basis of net cash flow over a period of several years and a growth rate of 2%. The Weighted Average Cost of Capital (WACC) is based on a factor of 11.3%, which is the estimated average within the business areas in which the subsidiaries operate. The WACC estimation is aligned with our Group corporate finance department.

Based on the above assumptions the impairment test indicates a net reversal of prior year impairment totaling DKK 60.1 million. The driver behind the net reversal of impairments was an improved performance for our subsidiaries, hence we made a partial reversal of prior year impairment of GEA Process Engineering S.A. de C.V., additionally also a full reversal of prior year impairments on GEA Process Engineering Pte. Ltd.

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Ownership</u>	<u>Equity</u>	<u>Net profit/loss for the year</u>
GEA Westfalia Separator DK A/S	Denmark	100%	62,135	14,257
GEA Scan-Vibro A/S	Denmark	100%	32,331	6,208
GEA Liquid technologies A/S	Denmark	100%	1,199	-3,858
GEA Finland OY	Finland	100%	7,952	3,167
GEA Process Engineering Pty. Ltd.	Australia	100%	61,717	22,120
GEA Equipamentos e Soluções Ltda.	Brazil	100%	23,715	7,781
GEA Japan Ltd.	Japan	100%	19,825	10,471
GEA New Zealand Ltd.	New Zealand	100%	76,929	39,329
GEA Process Engineering Pte. Ltd.	Singapore	100%	-23,834	-3,093
GEA Process Engineering (India) Pvt. Ltd.	India	100%	202,659	19,400
GEA Process Engineering CEE Kft.	Hungary	100%	225	14
GEA Process Engineering Sp. z o.o.	Poland	100%	38,673	12,074
GEA Process Engineering N.V.	Belgium	100%	80,931	-12,923
GEA Process Engineering Chile S.A.	Chile	100%	-156	-730
GEA PROSES MÜHENDİSLİK SANAYİ VE TİCARET LİMİTED ŞİRKETİ	Turkey	100%	18,908	13,318
GEA Process Engineering S.A. de C.V.	Mexico	100%	47,550	-21,651

## Notes to the Financial Statements

### 15. Other fixed asset investments

DKK thousand	Other investments	Deposits
Cost at 1 January	4,834	9,267
Additions	0	257
<b>Cost at 31 December</b>	<b>4,834</b>	<b>9,524</b>

DKK thousand	2023	2022
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### 16. Contract work in progress

Selling price of work in progress	3,856,611	3,846,677
Invoiced on account	-4,095,620	-4,124,593
<b>Contract work in progress, net</b>	<b>-239,009</b>	<b>-277,916</b>

Recognised in the balance sheet as follows:

Contract work in progress recognized as assets	140,901	188,182
Prepayments received recognized as debt	-379,910	-466,098
<b>Contract work in progress, net</b>	<b>-239,009</b>	<b>-277,916</b>

### 17. Prepayments

Prepayments consist of prepaid rent, insurance premiums, subscriptions, and other expenses.

### 18. Provision for deferred tax

Deferred tax liabilities at 1 January	242,866	246,365
Amounts recognized in the income statement for the year	4,795	-4,521
Adjustment of deferred tax (concerning previous years, equity adj. etc.)	1,188	1,022
<b>Deferred tax liabilities at 31 December</b>	<b>248,849</b>	<b>242,866</b>

Intangible assets	28,122	24,834
Tangible assets	-2,192	-1,213
Contract work in progress	226,758	230,710
Provisions and debt	-3,839	-11,465
	<b>248,849</b>	<b>242,866</b>

## Notes to the Financial Statements

DKK thousand	<u>2023</u>	<u>2022</u>
<b>19. Warranty and other provisions</b>		
Warranty and guarantee provisions	33,846	32,647
Other provisions	<u>0</u>	<u>17,226</u>
	<b><u>33,846</u></b>	<b><u>49,873</u></b>

All provisions are expected to mature within 1-5 years.

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

### Rental and lease obligations

Lease obligations under operating leases.

Total future lease payments:

Within 1 year	20,584	25,705
Between 1 and 5 years	21,549	58,501
After 5 years	<u>0</u>	<u>3,548</u>
Rental and lease obligations	<b><u>42,133</u></b>	<b><u>87,754</u></b>

### Guarantee obligations

Warranties and guarantee obligations issued by GEA concerning execution of contractual work etc. for third party.

131,989	161,476
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Bank guarantees have been given to third parties concerning execution of contractual work etc. for third party

138,261	281,857
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## Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc. of the GEA Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

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

### Controlling interest

GEA Group Holding GmbH, Germany

<u>100%</u>
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### Transactions

GEA Process Engineering A/S is a 100% owned subsidiary of GEA Group Holding GmbH, which is 100% owned by GEA Group Aktiengesellschaft, Germany.



## Notes to the Financial Statements

GEA Process Engineering A/S' closely related parties with material influence include GEA Group Aktiengesellschaft and enterprises, including GEA Group Holding GmbH and its subsidiaries and associates, as well as the subsidiaries listed in note 13.

GEA Process Engineering A/S sells and purchases goods and services to/from subsidiaries and associates.

Intercompany trading is highlighted as follows:

DKK thousand	2023	2022
Invoicing, income	1,454,252	1,080,418
Purchases, expenses	716,384	379,764
Dividends from subsidiaries, income	129,336	189,874
Interest received, income	6,632	1,330
Interest paid, expense	9,084	1,237
Contract work in progress, assets	68,799	101,677
Receivables from group entities	517,503	635,535
Contract work in progress, liabilities	151,586	152,198
Liabilities to group entities	489,895	105,394

### Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
GEA Group Aktiengesellschaft	Germany

The Group Annual Report of GEA Group Aktiengesellschaft may be obtained at the following address:

GEA Group Aktiengesellschaft, Peter Müller Strasse 12, D-40468 Düsseldorf, Germany, or at:

<https://www.gea.com/en/investor-relations/releases-reports/annual-reports/index.jsp>

### 22. Subsequent events

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

## Notes to the Financial Statements

### 23. Accounting policies

The Annual Report of GEA PROCESS ENGINEERING A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2023 are presented in TDKK.

### Reclassification adjustments to comparative figures

Reclassifications have been made in individual items in the note for Distribution expenses and Research and development. This has not affected the result and equity of this year or last year and has been made solely to ensure the comparability of the individual items in the note.

### Consolidated Financial Statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of GEA, the Company has not prepared consolidated financial statements.

### Disclosure of auditor's fees

Further pursuant to the Danish financial statements act § 96, paragraph 3, the company has not disclosed fee for auditors appointed at the general meeting.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of GEA Group Aktiengesellschaft, the Company has not prepared a cash flow statement.

### Recognition and measurement

Revenues are recognized in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortized cost are recognized. Moreover, all expenses incurred to achieve the earnings for the year are recognized in the income statement, including depreciation, write-downs, and provisions as well as write-backs because of changed accounting estimates of amounts that earlier have been included in the profit and loss statement are included.

Assets are included in the balance sheet when it is likely because of a prior event that future financial advantages will accrue to the company and when the value of the asset can be measured in a reliable way.

Liabilities are included in the balance sheet when the company has a legal or actual obligation as a result of a prior event and if it is likely that future financial advantages will no longer be of benefit to the company, and the value can be measured in a reliable way.

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

## Notes to the Financial Statements

Gains, losses, and risks that result before the annual report is submitted and which confirm or deny conditions present at the balance sheet date must be considered in connection with recognition and measurement.

### Translation policies

Transactions in foreign currencies are recorded at initial recognition at the exchange rate on the transaction date. Exchange rate differences appearing between the exchange rate on the transaction day and the exchange rate on the date of the payment are recognized as a financial gain/loss in the profit and loss statement.

Receivables and debt in foreign currencies are recorded in Danish Kroner according to the exchange rate on the balance sheet date or the exchange rate in forward contracts if the outstanding is secured. Exchange rate differences appearing between the exchange rate on the balance sheet date and the exchange rate on the date of the original recognition of the receivable or the debt are recognized as a financial gain/loss in the profit and loss statement.

## **Notes to the Financial Statements**

### **Income statement**

#### **Net sales**

Income from the sale of goods for resale and finished goods, is recognized in the income statement when delivery and transfer of risk to the buyer have taken place and provided that the income can be reliably measured and is expected to be received.

Revenue is measured ex. VAT and taxes charged on behalf of third parties. All discounts granted are recognized in revenue.

Construction contracts are recognized as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When the income from a construction contract cannot be estimated reliably, revenue is recognized only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

#### **Production expenses**

Production cost comprise costs, including salaries, incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages, and salaries, rent and leases.

#### **Distribution expenses**

Costs incurred in distributing goods sold during the year and in conducting sales campaigns, etc., during the year are recognized as distribution costs. Also, costs relating to sales staff, advertising, exhibitions, and depreciation are recognized as distribution costs.

#### **Research and Development expenses**

Research and development expenses comprises expenses incurred in the research phase of new technology, technique, process, and product innovation. These expenses consist of salaries and other cost that are directly attributable to research phase. Only the cost incurred in the research phase of the R&D process will be expensed, whereas the cost incurred during the development phase are capitalized.

#### **Administrative expenses**

Administrative expenses comprise expenses incurred during the year for company management and administration, including expenses for administrative staff, management, office premises and office expenses, and depreciation.

## **Notes to the Financial Statements**

### **Income from investments in subsidiaries**

Income from investments in subsidiaries includes dividends distributed from subsidiaries and impairment write-downs on subsidiaries and reversal hereof. Dividends from subsidiaries are recognized as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

### **Financial income and expenses**

Financial income and expenses include interest income and expenses as well as realized and unrealized exchange gains and losses related to transactions in foreign currency.

### **Tax on profit/loss for the year**

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

The Company is jointly taxed with Danish group companies. The Company is administrative company for the joint taxation and consequently settles all payments of corporation tax to the Danish Tax authorities. The tax effect of the joint taxation with other Danish group enterprises is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## Notes to the Financial Statements

### Balance Sheet

#### Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortization. Goodwill is amortized on a straight-line basis over its useful life, which is assessed at maximum 20 years.

Patents and licenses are measured at the lower value of cost less accumulated amortization, and recoverable amount. Patents are amortized over the remaining patent period, and licenses are amortized over the license period; however not exceeding 3-5 year.

Development costs comprise costs, salaries, and amortization directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market, or use the project, are recognized as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognized in the income statement when incurred.

Development costs that are recognized in the balance sheet are measured at cost less accumulated amortization, and impairment losses.

Following the completion of the development work, development costs are amortized on a straight-line basis over the estimated useful life, which is 3-5 years.

Gains and losses on the disposal of development projects, patents and licenses are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognized in the income statement as other operating income/other operating costs.

#### Property, plant, and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use assets of own production comprises direct and indirect expenses for labor and materials.

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

Plant and machinery	3-15 years
Other fixtures and fittings, tools, and equipment	3-8 years
Leasehold improvements	10-30 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

## **Notes to the Financial Statements**

Profits and losses from the sale of property, plant and equipment are calculated as the difference between selling price minus selling costs and carrying amount at the time of sale. Profits or losses are included in the income statement under other operating income/other operating costs. Tangible fixed assets are written down to the recoverable amount, if this is lower than the book value.

### **Impairment of fixed assets**

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

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

### **Investments in subsidiaries**

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Previously recognized write-downs are reversed when the ban for the write-downs no longer exists. Reversed write-downs are recognized in the income statement as financial income.

### **Fixed asset investments**

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower value of cost and recoverable amount.

### **Other fixed asset investments**

Other investments consist of deposits and shares held in companies with less than 10% ownership.

### **Inventories**

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

The cost of goods for resale, raw materials and consumables consists of purchase price plus landing cost.

Goods of own production are measured at the lower value of direct material and wages with addition of indirect production cost, or net realizable value.

## **Notes to the Financial Statements**

### **Receivables**

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

### **Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The percent of completion is determined as the ratio between direct allocated costs, including materials, wages etc. with the addition of indirect production costs related to the contract work and latest estimated total cost.

Contract work in progress and invoicing on account in foreign currency have been translated at the rates of exchange in effect on the date of contract.

In cases where invoicing on account exceeds the recognized sales value of a contract, the exceeding amount has been included in current liabilities as part of advance payment from customers.

### **Prepayments**

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



## Notes to the Financial Statements

### Equity

#### Reserve for development costs

The reserve for development costs comprises capitalized development costs. The reserve cannot be used for dividend, distributed or cover losses. If the recognized development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognized development costs are written down, the part of the reserve corresponding to the write-down of the development costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortization of capitalized development costs on an ongoing basis.

#### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

#### Provisions

Other provisions, which contain expected costs for warranty provisions, losses on contract work in progress, restructuring etc. are recognized if the obligation is present at the date of the balance sheet. Warranty obligations contain the commitments to repair works within the warranty period. Based upon experience, a provision for warranty expenses has been established to cover such obligations. When there is a probability that the total costs will exceed the total income of contract work in progress for third parties, a provision of the total loss expected is established under cost of manufactured goods.

#### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realized, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallize as current tax. Any changes in deferred tax due to changes to tax rates are recognized in the income statement or in equity if the deferred tax relates to items recognized in equity.

## **Notes to the Financial Statements**

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognized in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Current tax payable and receivable is recognized in the balance sheet as amounts owed by or to affiliates.

### **Financial debts**

Financial liabilities are measured at amortized cost, substantially corresponding to nominal value.