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TKH Airport Solutions A/S

Københavnsvej 1, 4800 Nykøbing F

Company reg. no. 10 66 58 84

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 20 March 2024.

Matthias Schröter
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of TKH Airport Solutions A/S for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and in our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Nykøbing F, 20 March 2024

Managing Director

Matthias Schröter
CEO

Board of directors

Erik Steven Velderman
Chairman

Sander Doves

Matthias Schröter

Independent auditor's report

To the Shareholder of TKH Airport Solutions A/S

Opinion

We have audited the financial statements of TKH Airport Solutions A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 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 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 skepticism throughout the audit. We also:

Independent auditor's report

- 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.

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 Management's Review.

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

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

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

Independent auditor's report

Based on the work we have performed, we conclude that 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 Management's Review.

Copenhagen, 20 March 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Peter Birk Stokholm

State Authorised Public Accountant
mne48468

Company information

The company

TKH Airport Solutions A/S
Københavnsvej 1
4800 Nykøbing F

Company reg. no. 10 66 58 84

Financial year: 1 January 2023 - 31 December 2023

Board of directors

Erik Steven Velderman, Chairman
Sander Doves
Matthias Schröter

Managing Director

Matthias Schröter, CEO

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

TKH Group N.V.

Management's review

Description of key activities of the company

Like previous years, The company's principal activity is to develop and produce airport equipment and other related manufacturing activities.

Development in activities and financial matters

The gross loss for the year totals DKK -11.196.366 against DKK -7.423.416 last year. Income or loss from ordinary activities after tax totals DKK -17.398.194 against DKK -7.935.123 last year. Management considers the loss for the year as expected.

The management has informed us that the parent company intends to supply these companies with the necessary liquidity. The company has also received a tax-free group subsidy on 40 mio. DKK from the parent company in January 2024 which is to restore the company's equity and ensure sufficient liquidity in the upcoming years.

The parent company has submitted a declaration of support to TKH Airport Solutions A/S to ensure that the company can settle its obligations as they fall due. This also means that the annual report can be provided with an audit report without emphasis of matters.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	-11.196.366	-7.423.416
1 Staff costs	-5.321.084	-3.240.138
Depreciation and impairment of non-current assets	-2.144.029	-2.134.375
Operating loss	-18.661.479	-12.797.929
2 Other financial expenses	-3.371.688	-1.064.194
Pre-tax loss	-22.033.167	-13.862.123
3 Tax on net profit or loss for the year	4.634.973	5.927.000
Net profit or loss for the year	-17.398.194	-7.935.123
 Proposed distribution of net profit:		
Allocated from retained earnings	-17.398.194	-7.935.123
Total allocations and transfers	-17.398.194	-7.935.123

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Completed development projects	11.013.795	7.826.482
5 Software	292.142	0
Total intangible assets	<u>11.305.937</u>	<u>7.826.482</u>
6 Plant and machinery	3.447.576	3.237.876
7 Other fixtures, fittings, tools and equipment	45.464	58.538
Total property, plant, and equipment	<u>3.493.040</u>	<u>3.296.414</u>
Total non-current assets	<u>14.798.977</u>	<u>11.122.896</u>
Current assets		
Manufactured goods and goods for resale	44.015.727	36.868.628
Total inventories	<u>44.015.727</u>	<u>36.868.628</u>
Trade receivables	19.451.190	12.196.187
Deferred tax assets	11.169.268	6.534.295
Other receivables	1.684.462	1.395.522
Total receivables	<u>32.304.920</u>	<u>20.126.004</u>
Cash	<u>797.234</u>	<u>943.716</u>
Total current assets	<u>77.117.881</u>	<u>57.938.348</u>
Total assets	<u>91.916.858</u>	<u>69.061.244</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		2023	2022
<u>Note</u>		<u> </u>	<u> </u>
Equity			
Contributed capital		38.201.000	38.201.000
Reserve for development costs		8.590.760	6.104.656
Retained earnings		<u>-58.353.779</u>	<u>-38.471.088</u>
Total equity		<u>-11.562.019</u>	<u>5.834.568</u>
Provisions			
8 Other provisions		<u>5.488.833</u>	<u>3.266.194</u>
Total provisions		<u>5.488.833</u>	<u>3.266.194</u>
Liabilities other than provisions			
Trade payables		3.159.988	2.754.849
Payables to group enterprises		93.619.382	56.622.250
Other payables		<u>1.210.674</u>	<u>583.383</u>
Total short term liabilities other than provisions		<u>97.990.044</u>	<u>59.960.482</u>
Total liabilities other than provisions		<u>97.990.044</u>	<u>59.960.482</u>
Total equity and liabilities		<u>91.916.858</u>	<u>69.061.244</u>

9 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	38.201.000	3.168.451	-35.533.276	5.836.175
Retained earnings for the year	0	0	-22.820.503	-22.820.503
Transferred from retained earnings	0	5.422.309	0	5.422.309
	38.201.000	8.590.760	-58.353.779	-11.562.019

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	4.019.035	2.064.656
Pension costs	1.040.398	919.652
Other costs for social security	261.651	255.830
	<u>5.321.084</u>	<u>3.240.138</u>
Average number of employees	<u>21</u>	<u>19</u>
2. Other financial expenses		
Financial costs, group enterprises	2.774.348	537.955
Other financial costs	597.340	526.239
	<u>3.371.688</u>	<u>1.064.194</u>
3. Tax on net profit or loss for the year		
Adjustment of deferred tax for the year	-4.741.100	-5.548.817
Adjustment of tax for previous years	106.127	-378.183
	<u>-4.634.973</u>	<u>-5.927.000</u>
4. Completed development projects		
Cost 1 January 2023	11.223.203	8.838.836
Additions during the year	3.938.038	2.384.367
Cost 31 December 2023	<u>15.161.241</u>	<u>11.223.203</u>
Amortisation and write-down 1 January 2023	-3.396.721	-2.666.305
Amortisation and depreciation for the year	-750.725	-730.416
Amortisation and write-down 31 December 2023	<u>-4.147.446</u>	<u>-3.396.721</u>
Carrying amount, 31 December 2023	<u>11.013.795</u>	<u>7.826.482</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
5. Software		
Cost 1 January 2023	292.740	0
Cost 31 December 2023	292.740	0
Amortisation and write-down 1 January 2023	-598	0
Amortisation and write-down 31 December 2023	-598	0
Carrying amount, 31 December 2023	292.142	0
6. Plant and machinery		
Cost 1 January 2023	9.329.941	9.062.405
Additions during the year	1.601.666	267.536
Cost 31 December 2023	10.931.607	9.329.941
Depreciation and write-down 1 January 2023	-6.092.065	-4.729.888
Amortisation and depreciation for the year	-1.391.966	-1.362.177
Depreciation and write-down 31 December 2023	-7.484.031	-6.092.065
Carrying amount, 31 December 2023	3.447.576	3.237.876
7. Other fixtures, fittings, tools and equipment		
Cost 1 January 2023	259.806	195.272
Additions during the year	0	64.534
Cost 31 December 2023	259.806	259.806
Depreciation and write-down 1 January 2023	-201.268	-159.486
Amortisation and depreciation for the year	-13.074	-41.782
Depreciation and write-down 31 December 2023	-214.342	-201.268
Carrying amount, 31 December 2023	45.464	58.538

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
8. Other provisions		
Other provisions 1 January 2023	3.266.194	7.353.412
Change in other provisions for the year	<u>2.222.639</u>	<u>-4.087.218</u>
	<u>5.488.833</u>	<u>3.266.194</u>

9. Contingencies

Joint taxation

With EFB Elektronik Nordic A/S, company reg. no 18352443 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

Accounting policies

The annual report for TKH Airport Solutions A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Income statement

Gross loss

Gross loss comprises the revenue, changes in inventories of finished goods, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external expenses comprise expenses incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and write-down for impairment

Depreciation, amortisation, and write-down for impairment comprise depreciation on, amortisation of, and write-down for impairment of intangible and tangible assets, respectively.

Accounting policies

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Development projects

Development costs comprise salaries, costs on consultants, and amortisation directly or indirectly attributable to development activities.

Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. It is, however, a condition that the cost can be reliably calculated and that a sufficiently high degree of certainty indicates that future earnings will cover the costs of production, sales, and administration. Other development costs are recognised in the income statement concurrently with their realisation.

Development costs recognised in the statement of financial position are measured at cost less accrued amortisations and write-downs for impairment.

After completion of the development work, capitalised development costs are amortised on a straight-line basis over the estimated useful economic life. The amortisation period is usually 10 years.

Profit and loss from the sale of development projects are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0-20 %
Other fixtures and fittings, tools and equipment	3-5 years	0-20 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Accounting policies

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Reserve for development costs

The reserve for development costs comprises recognised development costs less related deferred tax liabilities.

Accounting policies

The reserve cannot be used as dividends or for covering losses.

The reserve is reduced or dissolved if the recognised development costs are amortised or abandoned. This is done by direct transfer to the distributable reserves of the equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

According to the rules of joint taxation, TKH Airport Solutions A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Accounting policies

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.