



Val Controls A/S

Sallingsundvej 5
6715 Esbjerg N
CVR No. 11774393

Annual report 2021

The Annual General Meeting adopted the
annual report on 30.06.2022

Jørgen Einer-Jensen Brammer
Chairman of the General Meeting

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Entity details

Entity

Val Controls A/S
Sallingsundvej 5
6715 Esbjerg N

Business Registration No.: 11774393
Registered office: Esbjerg
Financial year: 01.01.2021 - 31.12.2021

Board of Directors

Jørgen Einer-Jensen Brammer
Peter Jensen Toft
Ingeborg Pugflod Toft

Executive Board

Carsten Pugflod Toft

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
6701 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Val Controls A/S for the financial year 01.01.2021 - 31.12.2021.

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 Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 30.06.2022

Executive Board

Carsten Pugflod Toft

Board of Directors

Jørgen Einer-Jensen Brammer

Peter Jensen Toft

Ingeborg Pugflod Toft

Independent auditor's extended review report

To the shareholders of Val Controls A/S

Conclusion

We have performed an extended review of the financial statements of Val Controls A/S for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

Based on our extended review, in our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2021 and of the results of its operations for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for conclusion

We conducted our extended review in accordance with the assurance engagement standard for small enterprises as issued by the Danish Business Authority and the standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act as issued by FSR - Danish Auditors. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the financial statements" section. We are independent of the Entity 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 evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

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 Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern, and using the going concern basis of accounting unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the extended review of the financial statements

Our responsibility is to express a conclusion on the financial statements. This requires that we plan and perform procedures to obtain limited assurance about our conclusion on the financial statements and that we also perform specifically required supplementary procedures for the purpose of obtaining additional assurance about our conclusion.

An extended review consists of making inquiries, primarily of management and, if appropriate, of other entity

personnel, performing analytical and the specifically required supplementary procedures as well as evaluating the evidence obtained.

The procedures performed in an extended review are less in scope than in an audit, and accordingly we do not express an audit opinion on the financial statements.

Statement on the management commentary

Management is responsible for the management commentary.

Our conclusion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our extended review of the financial statements our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the extended review or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Esbjerg, 30.06.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Harbo Andersen

State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

Primary activities

As in prior years, the Company's primary activities consist in developing, designing, manufacturing, selling and repairing electronic control, monitoring and test equipment for valve, actuator and pump systems. The Company's major customers operate within the global oil and gas industries worldwide.

Development in activities and finances

The first part of 2021 was still affected by the Covid-19 restrictions and the extreme decline in activities. The end of 2022 has been positive. The performance in 2021 is considered as being acceptable compared to the circumstances.

Outlook

Our main markets are starting up after Covid-19 and we are expecting more projects to be finalized in 2022. Because of this we are expecting a positive result for 2022.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

Income statement for 2021

	Notes	2021 DKK	2020 DKK
Gross profit/loss		5,143,082	4,544,393
Staff costs	1	(4,366,502)	(5,414,750)
Depreciation, amortisation and impairment losses	2	(793,067)	(541,834)
Operating profit/loss		(16,487)	(1,412,191)
Other financial income		6	43
Other financial expenses	3	(55,411)	(117,999)
Profit/loss before tax		(71,892)	(1,530,147)
Tax on profit/loss for the year	4	15,263	336,000
Profit/loss for the year		(56,629)	(1,194,147)
Proposed distribution of profit and loss			
Retained earnings		(56,629)	(1,194,147)
Proposed distribution of profit and loss		(56,629)	(1,194,147)

Balance sheet at 31.12.2021

Assets

	Notes	2021 DKK	2020 DKK
Completed development projects	6	0	650,262
Development projects in progress	6	2,587,635	1,485,728
Intangible assets	5	2,587,635	2,135,990
Other fixtures and fittings, tools and equipment		333,929	457,588
Leasehold improvements		55,841	74,987
Property, plant and equipment	7	389,770	532,575
Fixed assets		2,977,405	2,668,565
Raw materials and consumables		4,362,917	4,590,381
Prepayments for goods		300,507	0
Inventories		4,663,424	4,590,381
Trade receivables		953,304	611,636
Other receivables		115,398	23,744
Joint taxation contribution receivable		304,000	0
Prepayments		268,768	69,270
Receivables		1,641,470	704,650
Cash		144,092	155,422
Current assets		6,448,986	5,450,453
Assets		9,426,391	8,119,018

Equity and liabilities

	Notes	2021 DKK	2020 DKK
Contributed capital		500,000	500,000
Reserve for development expenditure		2,018,355	1,666,072
Retained earnings		2,871,245	3,280,157
Equity		5,389,600	5,446,229
Deferred tax		372,000	63,000
Provisions		372,000	63,000
Other payables		484,292	478,905
Non-current liabilities other than provisions	8	484,292	478,905
Bank loans		35,824	27,795
Prepayments received from customers		107,129	139,340
Trade payables		1,010,593	425,908
Payables to group enterprises		1,463,558	351,304
Other payables	9	563,395	1,186,537
Current liabilities other than provisions		3,180,499	2,130,884
Liabilities other than provisions		3,664,791	2,609,789
Equity and liabilities		9,426,391	8,119,018
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2021

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Total DKK
Equity beginning of year	500,000	1,666,072	3,280,157	5,446,229
Transfer to reserves	0	352,283	(352,283)	0
Profit/loss for the year	0	0	(56,629)	(56,629)
Equity end of year	500,000	2,018,355	2,871,245	5,389,600

Notes

1 Staff costs

	2021 DKK	2020 DKK
Wages and salaries	4,594,464	5,155,569
Pension costs	593,810	628,717
Other social security costs	59,625	70,540
Other staff costs	185,790	87,541
	5,433,689	5,942,367
Staff costs classified as assets	(1,067,187)	(527,617)
	4,366,502	5,414,750
Average number of full-time employees	8	9

2 Depreciation, amortisation and impairment losses

	2021 DKK	2020 DKK
Amortisation of intangible assets	363,207	395,360
Impairment losses on intangible assets	287,055	0
Depreciation of property, plant and equipment	142,805	146,474
	793,067	541,834

3 Other financial expenses

	2021 DKK	2020 DKK
Financial expenses from group enterprises	16,627	94,973
Other interest expenses	3,436	3,365
Exchange rate adjustments	35,348	19,661
	55,411	117,999

4 Tax on profit/loss for the year

	2021 DKK	2020 DKK
Change in deferred tax	289,000	(336,000)
Adjustment concerning previous years	(263)	0
Refund in joint taxation arrangement	(304,000)	0
	(15,263)	(336,000)

5 Intangible assets

	Completed development projects DKK	Development projects in progress DKK
Cost beginning of year	2,214,244	1,485,728
Additions	0	1,101,907
Disposals	(101,497)	0
Cost end of year	2,112,747	2,587,635
Amortisation and impairment losses beginning of year	(1,563,982)	0
Impairment losses for the year	(287,055)	0
Amortisation for the year	(363,207)	0
Reversal regarding disposals	101,497	0
Amortisation and impairment losses end of year	(2,112,747)	0
Carrying amount end of year	0	2,587,635

6 Development projects

Development projects in progress include development and testing of new prototypes and software to ensure that the company continues to produce products that can meet the strict requirements of the market and legislation.

Completed development projects

Completed development projects comprise development of software, hardware and upgrading existing products, development of new equipment and products which support the company's main activities. The cost of development projects comprises costs such as salaries and directly development expenses and are valued in relation to business cases for the individual development projects and the potential of these development projects on existing and new customers.

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	1,837,949	95,728
Cost end of year	1,837,949	95,728
Depreciation and impairment losses beginning of year	(1,380,361)	(20,741)
Depreciation for the year	(123,659)	(19,146)
Depreciation and impairment losses end of year	(1,504,020)	(39,887)
Carrying amount end of year	333,929	55,841

8 Non-current liabilities other than provisions

	Due after more than 12 months 2021 DKK	Outstanding after 5 years 2021 DKK
Other payables	484,292	484,292
	484,292	484,292

9 Other payables

	2021 DKK	2020 DKK
VAT and duties	0	441,557
Wages and salaries, personal income taxes, social security costs, etc payable	320,543	652,870
Other costs payable	242,852	92,110
	563,395	1,186,537

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Toft Holding Esbjerg ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

11 Assets charged and collateral

The company has guaranteed the group's debt to banks. The guarantee is maximized at DKK 5 million. The Group's total bank debt amounts to DKK 0.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with Toft Holding Esbjerg ApS and all its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Intellectual property rights etc

Intellectual property rights etc comprise completed development projects and development projects in progress.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. The amortisation periods used are 5 years.

Property, plant and equipment

Other fixtures and fittings, tools and equipment and leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost of goods for resale, raw materials, consumables, consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in bank deposits.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.