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VAL CONTROLS A/S
SALLINGSUNDVEJ 5, 6715 ESBJERG N
ANNUAL REPORT
1 JANUARY - 31 DECEMBER 2023

**The Annual Report has been presented and
adopted at the Company's Annual General
Meeting on 27 May 2024**

Jørgen Einer-Jensen Brammer

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COMPANY DETAILS

Company	Val Controls A/S Sallingsundvej 5 6715 Esbjerg N
	CVR No.: 11 77 43 93 Established: 1 December 1987 Municipality: Esbjerg Financial Year: 1 January - 31 December
Board of Directors	Jørgen Einer-Jensen Brammer, chairman Peter Jensen Toft Carsten Pugflod Toft
Executive Board	Carsten Pugflod Toft
Auditor	BDO Statsautoriseret revisionsaktieselskab Dokken 8 6700 Esbjerg

MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Val Controls A/S for the financial year 1 January - 31 December 2023.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 27 May 2024

Executive Board

Carsten Pugflod Toft

Board of Directors

Jørgen Einer-Jensen Brammer
Chairman

Peter Jensen Toft

Carsten Pugflod Toft

THE INDEPENDENT AUDITOR'S 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 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

Based on the work performed in our opinion, the Financial Statements give a true and fair view of the Company's 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 Conclusion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR - Danish Auditors' standard on extended review of Financial Statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Extended Review 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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 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 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 in order to obtain limited assurance for our conclusion on the Financial Statements and in addition perform specifically required supplementary procedures to obtain further assurance for our conclusion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the Financial Statements.

THE INDEPENDENT AUDITOR'S REPORT

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 during 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 the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in the Management Commentary.

Esbjerg, 27 May 2024

BDO Statsautoriseret revisionsaktieselskab
CVR no. 20 22 26 70

Henrik Harbo Andersen
State Authorised Public Accountant
MNE no. mne19699

Jes Rotbøl Primdahl
State Authorised Public Accountant
MNE no. mne42811

MANAGEMENT COMMENTARY

Principal 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.

INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK
GROSS PROFIT		10.959.170	5.194.715
Staff costs.....	1	-7.435.278	-5.751.791
Depreciation, amortisation and impairment losses for tangible and intangible assets.....	2	-2.923.086	-1.453.115
OPERATING PROFIT		600.806	-2.010.191
Other financial income.....		42.912	4.472
Other financial expenses.....	3	-118.337	-199.218
PROFIT BEFORE TAX		525.381	-2.204.937
Tax on profit/loss for the year.....	4	-117.320	485.000
PROFIT FOR THE YEAR		408.061	-1.719.937
PROPOSED DISTRIBUTION OF PROFIT			
Retained earnings.....		408.061	-1.719.937
TOTAL		408.061	-1.719.937

BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK
Development projects completed, including patents and similar rights originating from development projects.....		93.527	0
Development projects in progress and prepayments for intangible assets.....		0	2.274.151
Intangible assets.....	5	93.527	2.274.151
Other plant, fixtures and equipment.....		1.076.937	950.687
Leasehold improvements.....		60.804	36.695
Property, plant and equipment.....	6	1.137.741	987.382
NON-CURRENT ASSETS.....		1.231.268	3.261.533
Raw materials and consumables.....		5.956.813	4.645.617
Prepayments.....		441.425	618.466
Inventories.....		6.398.238	5.264.083
Trade receivables.....		2.035.445	1.939.738
Deferred tax assets.....		21.000	113.000
Other receivables.....		17.760	75.152
Prepayments.....		236.950	145.406
Receivables.....		2.311.155	2.273.296
Cash and cash equivalents.....		1.605.364	384.936
CURRENT ASSETS.....		10.314.757	7.922.315
ASSETS.....		11.546.025	11.183.848

BALANCE SHEET AT 31 DECEMBER

EQUITY AND LIABILITIES	Note	2023 DKK	2022 DKK
Share Capital.....		500.000	500.000
Reserve for development costs.....		72.951	1.773.838
Retained earnings.....		3.504.774	1.395.826
EQUITY.....		4.077.725	3.669.664
Other non-current liabilities.....		511.769	494.463
Non-current liabilities.....	7	511.769	494.463
Bank debt.....		15.453	32.141
Prepayments from customers.....		226.362	240.060
Trade payables.....		78.503	800.927
Debt to Group companies.....		5.895.370	5.646.778
Corporation tax payable.....		474.320	0
Other liabilities.....		266.523	299.815
Current liabilities.....		6.956.531	7.019.721
LIABILITIES.....		7.468.300	7.514.184
EQUITY AND LIABILITIES.....		11.546.025	11.183.848
Contingencies etc.	8		
Charges and securities	9		

EQUITY

	Share Capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	500.000	1.773.838	1.395.826	3.669.664
Proposed profit allocation.....			408.061	408.061
Other legal bindings				
Revaluations in the year.....		-1.700.887	1.700.887	0
Equity at 31 December 2023.....	500.000	72.951	3.504.774	4.077.725

NOTES

	2023 DKK	2022 DKK	Note
Staff costs			1
Number of full time employees	9	8	
Wages and salaries.....	6.566.560	5.097.967	
Pensions.....	797.741	584.056	
Social security costs.....	70.977	69.768	
	7.435.278	5.751.791	
Depreciation, amortisation and impairment losses for tangible and intangible assets			2
Intangible assets.....	2.614.822	1.300.727	
Other plants, tools and equipment.....	308.264	152.388	
	2.923.086	1.453.115	
Intangible assets include an impairment loss of 2.600 t.DKK.			
Other financial expenses			3
Interest expenses to group enterprises.....	58.517	16.582	
Other interest expenses.....	59.820	182.636	
	118.337	199.218	
Tax on profit/loss for the year			4
Calculated tax on taxable income of the year.....	474.320	0	
Adjustment of deferred tax.....	-357.000	-485.000	
	117.320	-485.000	

In deferred tax in 2022 is included carry forward losses of 2.996 t.DKK.

The parent company has used more of the carry forward losses than expected. Therefore, the adjustment of deferred tax in 2023 include a tax income of 449 t.DKK.

NOTES

	Note
Intangible assets	5

	Development projects completed, including patents and similar rights originating from development projects	Development projects in progress and prepayments for intangible assets
Cost at 1 January 2023.....	2.112.747	3.232.263
Additions.....	107.916	326.282
Disposals.....	0	-3.558.545
Cost at 31 December 2023.....	2.220.663	0
Amortisation at 1 January 2023.....	2.112.747	958.112
Reversal regarding disposals.....	0	-3.558.545
Impairment losses.....	0	2.600.433
Amortisation for the year.....	14.389	0
Amortisation at 31 December 2023.....	2.127.136	0
Carrying amount at 31 December 2023.....	93.527	0

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.

Property, plant and equipment

	Other plant, fixtures and equipment	Leasehold improvements
Cost at 1 January 2023.....	1.887.452	95.728
Additions.....	408.938	49.685
Cost at 31 December 2023.....	2.296.390	145.413
Depreciation and impairment losses at 1 January 2023.....	936.765	59.033
Depreciation for the year.....	282.688	25.576
Depreciation and impairment losses at 31 December 2023....	1.219.453	84.609
Carrying amount at 31 December 2023.....	1.076.937	60.804

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NOTES

					Note
Long-term liabilities					7
	31/12 2023 total liabilities	Repayment next year	Debt outstanding after 5 years	31/12 2022 total liabilities	
Other non-current liabilities.....	511.769	0	511.769	494.463	
	511.769	0	511.769	494.463	
Contingencies etc.					8
Contingent liabilities					
			2023 DKK	2022 DKK	
Lease liabilities (operating leases):					
Liabilities under rental or lease agreements until maturity in total.....			173.000	131.000	
			173.000	131.000	
Joint liabilities					
The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.					
Tax payable on the Group's joint taxable income is stated in the annual report of TOFT HOLDING ESBJERG ApS, which serves as management Company for the joint taxation.					
Charges and securities					9
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

The Annual Report of Val Controls A/S for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

INCOME STATEMENT

Net revenue

Net revenue from the sale of merchandise and finished goods is recognised in the Income Statement, if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received.

Net revenue is recognised exclusive of VAT and less duties and discounts related to the sale.

Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

Other external expenses

Other external expenses include sales and administrative costs, including costs of energy, marketing, premises, loss on bad debts, lease expenses, etc

Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Intangible fixed assets 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.

Tangible fixed assets

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

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

	Useful life
Other plant, fixtures and equipment.....	3-5 years
Leasehold improvements.....	5 years

Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

ACCOUNTING POLICIES

Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

Cash and cash equivalents

Cash and cash equivalents include cash at bank.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff 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 under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.