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Guldager A/S

Hejrevang 1-3, 3450 Allerød

Company reg. no. 15 68 34 81

Annual report

2023

The annual report was submitted and approved by the general meeting on the 16 May 2024.

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Sevgyl Abdulovski
Chairman of the meeting

Contents

Notes to users of the English version of this document:
- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Guldager A/S for the financial year 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.

Allerød, 16 May 2024

Managing Director

Claus Christian Torbøl

Board of directors

Carsten Bjerg Chairman	Erik Balleby Jensen Deputy Chairman	Jens Thøger Hansen
Ulla Iversen	Ole Jess Bandholtz Røsdahl	Ernst Ulrik Kristensen

Independent auditor's report

To the Shareholders of Guldager A/S

Opinion

We have audited the financial statements of Guldager A/S for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, 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.

Independent auditor's report

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:

- 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.

Independent auditor's report

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.

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, 16 May 2024

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

Brian Rasmussen
State Authorised Public Accountant
mne30153

Daniel Gaardsdal Lauridsen
State Authorised Public Accountant
mne49037

Company information

The company	Guldager A/S Hejrevang 1-3 3450 Allerød	
	Company reg. no.	15 68 34 81
	Established:	1 November 1991
	Financial year:	1 January - 31 December
Board of directors	Carsten Bjerg, Chairman Erik Balleby Jensen, Deputy Chairman Jens Thøger Hansen Ulla Iversen Ole Jess Bandholtz Røsdahl Ernst Ulrik Kristensen	
Managing Director	Claus Christian Torbøl	
Auditors	Grant Thornton, Godkendt Revisionspartnerselskab Stockholmsgade 45 2100 København Ø	
Parent company	CapHold Guldager ApS	
Subsidiaries	Guldager AG, Switzerland Guldager N.V., Belgium Guldager GmbH, Germany SiWaTec AG, Switzerland HX Norge AS, Norway Guldager Sweden AB, Sweden	

Financial highlights

DKK in thousands.	2023	2022	2021	2020	2019
Income statement:					
Gross profit	44.554	36.895	34.607	31.500	26.379
EBITDA	10.418	6.721	5.613	5.884	-4.690
Normalized EBITDA	11.577	9.111	6.553	6.409	-21
Profit from operating activities	2.067	2.327	2.665	3.785	-5.499
Net financials	-3.292	-1.052	771	415	358
Net profit or loss for the year	-1.314	671	2.748	3.662	-3.381
Statement of financial position:					
Balance sheet total	86.945	90.637	59.263	43.981	29.131
Investments in property, plant and equipment	501	1.676	72	555	125
Equity	41.154	41.928	8.282	5.534	33
Employees:					
Average number of full-time employees	55	52	52	58	50
Key figures in %:					
Solvency ratio	47,3	46,3	14,0	12,6	0,1
Return on equity	-3,2	2,7	39,8	131,6	-277,1

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Solvency ratio $$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity $$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

Management´s review

The principal activities of the company

Guldager Group is a service company specializing in water treatment that offers solutions for corrosion protection, softening, additive care, and more.

Development in activities and financial matters

The gross profit for the year totals DKK 44.554.009 against DKK 36.894.561 last year. Income or loss from ordinary activities after tax totals DKK -1.313.579 against DKK 670.966 last year. The result for 2023 was significantly impacted by the depreciation of goodwill and other intellectual property rights in acquired activities. The company has delivered an EBITDA that is significantly better than last year.

Management considers the net profit for the year satisfactory.

The integration of the acquired companies is progressing according to plan, and the activities have contributed positively to the company's results. At the same time, management has focused on optimizing the organization and strengthening sales activities to make optimal use of economies of scale.

Corporate governance

Companies that are owned by capital funds and present the annual report according to the rules for class C companies (large-sized companies) must incorporate Aktive Ejere's (Active Owners Denmark) guide for good corporate governance. Our company presents the annual report in accordance with the rules for class C companies (medium-sized companies). We are not fully covered by Aktive Ejere's guidelines but have voluntarily chosen to present additional relevant information. Capidea is represented on the board by Partner Erik Balleby Jensen. Board meetings are held at least four times a year, and no special board committees have been set up.

Environmental issues

The group works continuously to optimize the company's material consumption and packaging for environmental benefit.

For 2023, the Guldager Group has prepared an ESG report, which is available at https://www.guldager.com/da/guldager-baeredygtighed/.

Knowledge resources

The group relies on knowledge and expertise within the company's focus areas, which are continuously developed.

Research and development activities

The group has no research activities. The group's products are developed at its own locations.

Expected developments

During the next year, the focus will continue to be on market conditions, and necessary adjustments will be made while retaining efficiency and optimizing the company.

Management´s review

The result for the coming financial year is expected to be at a more satisfactory level compared with 2023. The group focuses on ongoing growth in sales as well as efficiency improvements to ensure strong competitive power.

Events occurring after the end of the financial year

In January 2024, the company acquired two companies, Vision Watercare and ARO Energy Solutions A/S. Both acquisitions result in an expansion of the services that the Guldager Group can provide to its customers. We expect greater synergies from these acquisitions, which will contribute to the continued growth of the Guldager Group.

From the balance sheet date until today, no other circumstances have arisen that would alter the assessment of the annual report.

Accounting policies

The annual report for Guldager A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

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

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of Guldager A/S and its group enterprises are included in the consolidated financial statements for Caphold Guldager ApS, Allerød, Denmark, CVR nr. 37557676.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Caphold Guldager ApS.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Accounting policies

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.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve in the Consolidated Financial Statement. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or write-down for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Business combinations

Acquisitions completed by the 1 July 2018 or later (method of consolidation)
Acquisition of group enterprises are dealt with in accordance with the acquisition method, and afterwards the assets and liabilities of the acquired entity are measured at fair value at the date of acquisition. If it is possible to measure the value reliably, acquired contingent liabilities are measured at fair value under the item Equity investments in group enterprises.

The date of acquisition is the date when control of the acquired entity is obtained.

Accounting policies

The cost of the acquired entity represents the fair value of the consideration agreed upon, including the considerations that are conditional on future events. Transaction costs directly attributable to the acquisition of group enterprises are recognised in the income statement as incurred.

Positive differences between the cost of the acquired entity and the identified assets and liabilities are recognised in the equity investment as goodwill, which is amortised on a straight-line basis in the income statement over the expected useful life. Amortisation of goodwill is allocated to the functions to which the goodwill relates. If the difference is negative, this is recognised immediately in the income statement.

If the allocation of the purchase price is not final, positive and negative differences from acquired group enterprises may, as a result of changes in recognition and measurement of the identified net assets, be adjusted up to 12 months from the date of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including depreciation already made.

If the cost includes contingent considerations, these are measured at fair value at the date of acquisition. Subsequently, contingent considerations at fair value are measured again. Value adjustments are recognised in the income statement.

In case of step-by-step acquisitions, the value of the hitherto equity holding in the acquired entity is measured again at the fair value at the date of acquisition. The difference between the carrying amount of the hitherto equity investment and the fair value is recognised in the income statement.

Business combinations (the uniting-of-interests method)
In case of intercompany business combinations, the uniting-of-interests method is applied. By this method, the two enterprises are united at carrying amounts, and differences are not identified. ny considerations exceeding the carrying amount in the acquired entity are recognised directly in equity.

The application of the uniting-of-interests method means that the business combination is implemented as if the the two enterprises always were united by modification of comparative figures.

Income statement

Gross profit

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

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.

Accounting policies

Own work capitalised

Own work capitalised includes staff cost and other internal costs incurred during the financial year and recognised in the cost of proprietary intangible and tangible fixed assets.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

Other external costs comprise costs 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.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

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.

Results from investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the investment in the individual entities are recognised in the income statement as a proportional share of the entities' post-tax profit or loss.

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.

Accounting policies

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, patents, and licences

Development costs comprise salaries, wages, and amortisation directly 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 ertainty 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.

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 5 years.

Goodwill

Acquired goodwill is measured at cost less accumulated amortisation. Given that it is impossible to make a reliable estimate of the useful life, the amortisation period is set at 5-7 years.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

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.

Accounting policies

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-7 years

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.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

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

Accounting policies

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.

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.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 5 years.

Investments

Investments in group enterprises

Investments in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Investments in group enterprises are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 3-5 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterprises with a strong market position and a long-term earnings profile.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Accounting policies

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Deposits
Deposits are measured at amortised cost and represent lease deposits, etc.

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, they are written down for impairment to the net realisable 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.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Accounting policies

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Reserve for development costs

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

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, Guldager 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.

Accounting policies

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.

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.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2023	2022
	Gross profit	**44.554.009**	**36.894.561**
1	Staff costs	-33.994.014	-30.099.148
	Depreciation, amortisation, and impairment	-8.493.265	-4.394.503
	Other operating expenses	0	-74.291
	Operating profit	**2.066.730**	**2.326.619**
	Income from investments in group enterprises	-1.619.718	162.028
	Other financial income from group enterprises	41.637	0
	Other financial income	19.497	12.691
2	Other financial expenses	-1.733.494	-1.226.881
	Pre-tax net profit or loss	**-1.225.348**	**1.274.457**
3	Tax on net profit or loss for the year	-88.231	-603.491
4	**Net profit or loss for the year**	**-1.313.579**	**670.966**

Balance sheet at 31 December

All amounts in DKK.

Note	Assets	2023	2022
	Non-current assets		
5	Completed development projects, including patents and similar rights arising from development projects	1.442.589	1.085.012
6	Software	4.122.008	4.398.570
7	Goodwill	19.251.994	23.101.408
8	Acquired concessions, patents, licenses, trademarks, and similar rights	4.344.389	5.463.802
	Total intangible assets	29.160.980	34.048.792
9	Other fixtures, fittings, tools and equipment	1.416.276	1.718.360
10	Leasehold improvements	148.045	176.441
	Total property, plant, and equipment	1.564.321	1.894.801
11	Investments in group enterprises	27.082.935	30.020.074
12	Deposits	376.817	376.817
	Total investments	27.459.752	30.396.891
	Total non-current assets	**58.185.053**	**66.340.484**
	Current assets		
	Raw materials and consumables	8.922.743	8.253.057
	Total inventories	8.922.743	8.253.057
	Trade receivables	9.625.479	7.508.205
	Receivables from group enterprises	7.643.455	5.269.486
13	Deferred tax assets	1.316.500	1.404.731
	Other receivables	757.987	1.315.469
14	Prepayments	476.822	544.752
	Total receivables	19.820.243	16.042.643
	Cash and cash equivalents	16.473	354
	Total current assets	**28.759.459**	**24.296.054**
	Total assets	**86.944.512**	**90.636.538**

Balance sheet at 31 December

All amounts in DKK.

Note	Equity and liabilities	2023	2022
	Equity		
15	Contributed capital	502.000	502.000
	Revaluation reserve	1.015.307	475.451
	Reserve for development costs	1.125.219	846.309
	Retained earnings	38.511.766	40.104.255
	Total equity	**41.154.292**	**41.928.015**
	Liabilities other than provisions		
	Bank loans	2.124.351	3.762.429
	Deposits	172.887	238.046
	Other payables	3.534.881	4.461.445
16	Total long term liabilities other than provisions	5.832.119	8.461.920
16	Current portion of long term liabilities	2.506.811	6.850.071
	Bank loans	13.577.822	11.385.095
	Prepayments received from customers	214.390	46.775
	Trade payables	5.678.731	4.327.564
	Payables to group enterprises	3.295.026	1.712.641
	Payables to shareholders and management	349.025	1.911.838
	Other payables	3.930.073	4.208.031
17	Deferred income	10.406.223	9.804.588
	Total short term liabilities other than provisions	39.958.101	40.246.603
	Total liabilities other than provisions	**45.790.220**	**48.708.523**
	Total equity and liabilities	**86.944.512**	**90.636.538**

18 Charges and security

19 Contingencies

20 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Revaluation reserve	Reserve for development costs	Retained earnings	Total
Equity 1 January 2022	502.000	0	1.247.301	6.532.297	8.281.598
Profit or loss for the year brought forward	0	0	0	670.966	670.966
Transferred from results brought forward	0	0	-400.992	0	-400.992
Revaluations for the year	0	475.451	0	0	475.451
Group subsidy	0	0	0	32.500.000	32.500.000
Transferred to reserve for development costs	0	0	0	400.992	400.992
Equity 1 January 2022	502.000	475.451	846.309	40.104.255	41.928.015
Profit or loss for the year brought forward	0	0	0	-1.313.579	-1.313.579
Transferred from results brought forward	0	0	278.910	0	278.910
Revaluations for the year	0	539.856	0	0	539.856
Transferred to reserve for development costs	0	0	0	-278.910	-278.910
	502.000	**1.015.307**	**1.125.219**	**38.511.766**	**41.154.292**

Notes

All amounts in DKK.

		2023	2022
1.	**Staff costs**		
	Salaries and wages	30.569.445	27.296.252
	Pension costs	2.930.351	2.320.702
	Other costs for social security	494.218	482.194
		33.994.014	**30.099.148**
	Average number of employees	55	52

		2023	2022
2.	**Other financial expenses**		
	Financial costs, group enterprises	62.077	1.612
	Other financial costs	1.671.417	1.225.269
		1.733.494	**1.226.881**

		2023	2022
3.	**Tax on net profit or loss for the year**		
	Adjustment for the year of deferred tax	88.231	603.491
		88.231	**603.491**

		2023	2022
4.	**Proposed distribution of net profit**		
	Transferred to retained earnings	0	670.966
	Allocated from retained earnings	-1.313.579	0
	Total allocations and transfers	**-1.313.579**	**670.966**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
5.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2023	3.573.467	3.595.499
	Additions during the year	912.631	10.468
	Disposals during the year	0	-32.500
	Cost 31 December 2023	**4.486.098**	**3.573.467**
	Amortisation and write-down 1 January 2023	-2.488.455	-1.996.395
	Amortisation for the year	-555.054	-503.374
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	11.314
	Amortisation and write-down 31 December 2023	**-3.043.509**	**-2.488.455**
	Carrying amount, 31 December 2023	**1.442.589**	**1.085.012**

Development projects relates to the development of new products and IT projects. Ahead of the start-up of the projects, calculations which show that the projects are expected to lead to increased revenue and earnings in the company are prepared.

6.	**Software**		
	Cost 1 January 2023	9.309.148	7.553.710
	Additions during the year	2.311.088	1.755.438
	Disposals during the year	-592.751	0
	Cost 31 December 2023	**11.027.485**	**9.309.148**
	Amortisation and write-down 1 January 2023	-4.910.578	-2.992.982
	Amortisation for the year	-1.994.899	-1.917.596
	Amortisation and write-down 31 December 2023	**-6.905.477**	**-4.910.578**
	Carrying amount, 31 December 2023	**4.122.008**	**4.398.570**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
7.	**Goodwill**		
	Cost 1 January 2023	25.988.935	4.886.000
	Additions during the year	134.387	21.102.935
	Cost 31 December 2023	**26.123.322**	**25.988.935**
	Amortisation and write-down 1 January 2023	-3.207.359	-1.155.033
	Amortisation for the year	-3.663.969	-1.732.494
	Amortisation and write-down 31 December 2023	**-6.871.328**	**-2.887.527**
	Carrying amount, 31 December 2023	**19.251.994**	**23.101.408**
8.	**Acquired concessions, patents, licenses, trademarks, and similar rights**		
	Cost 1 January 2023	5.597.065	0
	Additions during the year	0	5.597.065
	Cost 31 December 2023	**5.597.065**	**5.597.065**
	Amortisation and write-down 1 January 2023	-133.263	0
	Amortisation for the year	-1.119.413	-133.263
	Amortisation and write-down 31 December 2023	**-1.252.676**	**-133.263**
	Carrying amount, 31 December 2023	**4.344.389**	**5.463.802**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
9.	**Other fixtures, fittings, tools and equipment**		
	Cost 1 January 2023	9.546.708	8.147.457
	Additions during the year	477.446	1.481.843
	Disposals during the year	0	-82.592
	Cost 31 December 2023	**10.024.154**	**9.546.708**
	Amortisation and write-down 1 January 2023	-7.828.348	-7.644.134
	Depreciation for the year	-779.530	-218.516
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	34.302
	Amortisation and write-down 31 December 2023	**-8.607.878**	**-7.828.348**
	Carrying amount, 31 December 2023	**1.416.276**	**1.718.360**
10.	**Leasehold improvements**		
	Cost 1 January 2023	1.236.102	1.136.363
	Additions during the year	23.607	194.590
	Disposals during the year	0	-94.850
	Cost 31 December 2023	**1.259.709**	**1.236.103**
	Depreciation and write-down 1 January 2023	-1.059.662	-1.006.402
	Depreciation for the year	-52.002	-91.200
	Reversal of depreciation, amortisation and writedown, assets disposed of	0	37.940
	Depreciation and write-down 31 December 2023	**-1.111.664**	**-1.059.662**
	Carrying amount, 31 December 2023	**148.045**	**176.441**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
11.	**Investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2023	32.497.269	26.682.099
	Additions during the year	5.939	5.815.170
	Cost 31 December 2023	**32.503.208**	**32.497.269**
	Revaluations, opening balance 1 January 2023	269.462	-2.661.977
	Correction of previous revaluations	-79.561	0
	Translation by use of the exchange rate valid on balance sheet date 31 December 2023	539.857	475.958
	Results for the year before goodwill amortisation	2.053.302	2.455.481
	Dividend	-1.863.216	0
	Revaluations 31 December 2023	**919.844**	**269.462**
	Amortisation of goodwill, opening balance 1 January 2023	-2.746.657	-318.310
	Amortisation of goodwill for the year	-3.593.460	-2.428.347
	Depreciation on goodwill 31 December 2023	**-6.340.117**	**-2.746.657**
	Carrying amount, 31 December 2023	**27.082.935**	**30.020.074**
	The item includes goodwill with an amount of	9.603.524	13.196.984
	Goodwill is recognised under the item "Additions during the year" with an amount of	0	6.394.335

Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Guldager A/S DKK
Guldager AG, Switzerland	100 %	3.649.134	789.690	3.649.134
Guldager N.V., Belgium	100 %	4.339.835	241.685	4.339.835
Guldager GmbH, Germany	100 %	271.010	-621.863	5.682.284
SiWaTec AG, Switzerland	100 %	7.008.569	70.085	7.864.960
HX Norge AS, Norway	100 %	1.898.493	1.497.707	3.379.330
Guldager Sweden AB, Sweden	100 %	312.374	76.004	2.167.396
		17.479.415	**2.053.308**	**27.082.939**

Notes

All amounts in DKK.

		31/12 2023	31/12 2022
12.	**Deposits**		
	Cost 1 January 2023	376.817	341.337
	Additions during the year	0	35.480
	Cost 31 December 2023	**376.817**	**376.817**
	Carrying amount, 31 December 2023	**376.817**	**376.817**
13.	**Deferred tax assets**		
	Deferred tax assets 1 January 2023	1.404.731	2.008.222
	Deferred tax of the results for the year	-88.231	-603.491
		1.316.500	**1.404.731**

Deferred tax consists of deferred tax on tangible and intangible fixed assets as well as prepaid costs and tax losses to be carried forward.

14. Prepayments

Prepayments and accrued income consist of prepaid expenses on insurance, subscriptions, etc.

15. Contributed capital

The share capital consists of 1.004 shares, each with a nominal value of DKK 500.

Within the latest five years, the contributed capital has been increased two times with 2 shares of DKK 500 each time.

16. Long term labilities other than provisions

	Total payables 31 Dec 2023	Current portion of long term payables	Long term payables 31 Dec 2023	Outstanding payables after 5 years
Bank loans	3.760.729	1.636.378	2.124.351	0
Deposits	172.887	0	172.887	0
Other payables	4.405.314	870.433	3.534.881	0
	8.338.930	**2.506.811**	**5.832.119**	**0**

Notes

All amounts in DKK.

	31/12 2023	31/12 2022

17. Deferred income

Deferred income relates to received prepayments from costumers.

18. Charges and security

The company has provided a guarantee of payment to the bank regarding bank debt in affiliate companies (Guldager Group).

For bank loans the company has provided security in the company's ownership of Guldager N.V. (Belgium) representing a nominal value of DKK 4.340 thousand.

The company's bank connection has provided security to the company's customers for a total of DKK 705 thousand.

For bank loans, DKK 5.000, the company has provided security in company assets. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Goodwill	19.252
Property, plant, and equipment	1.564
Inventories	8.923
Trade receivables	9.625

19. Contingencies

Contingent liabilities

	31/12 2023 DKK in thousands
Lease liabilities	5.944
Total contingent liabilities	**5.944**

The lease liabilities have between 1 and 45 months to maturity.

The company is a party to a lawsuit filed by a counterparty. The company considers the other party's accusations to be unfounded and assesses that the outcome of the case will not have a financial impact on the company.

Notes

All amounts in DKK.

19. Contingencies (continued)

Joint taxation

With TopCap Guldager ApS, company reg. no 37557404 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.

The jointly taxed enterprises' total known net liability to the Danish tax authorities emerges from the financial statements of the administration company.

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

20. Related parties

Controlling interest

TopCap Guldager ApS, Hejrevang 1-3, 3450 Allerød	Majority shareholder

Transactions

All transactions are made on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Caphold Guldager ApS, Hejrevang 1-3, 3450 Allerød and TopCap Guldager ApS, Hejrevang 1-3, 3450 Allerød.

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