

HIDROSTAL A/S

Petersmindevej 25, 5000 Odense C

Company reg. no. 17 47 25 77

Annual report

1 January - 31 December 2022

The annual report was submitted and approved by the general meeting on the 26 May 2023.

Rolf Schweizer
Chairman of the meeting

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Notes:

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

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of HIDROSTAL A/S for the financial year 1 January - 31 December 2022.

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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January – 31 December 2022.

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.

Odense, 8 March 2023

Managing Director

Jeppe Holm

Board of directors

Rolf Schweizer
Chairman

Jeppe Holm

Svend Aage Larsen

Independent auditor's report

To the Shareholders of HIDROSTAL A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of HIDROSTAL A/S for the financial year 1 January to 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for both the Group the Parent Company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022, and of the results of the Group and the Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2022 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group 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 Consolidated Financial Statements and the Parent Company Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent 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 consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Independent auditor's report

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent company 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 consolidated financial statements and parent company financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and 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 consolidated financial statements and the parent company 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 Group's and 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 consolidated financial statements and the parent company 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 Group and the Company to cease to continue as a going concern.

Independent auditor's report

- Evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 consolidated financial statements and the parent company financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent company financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the consolidated financial statements and the parent company 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.

Odense, 8 March 2023

Revision & Råd

Statsautoriseret Revisionsaktieselskab
Company reg. no. 36 92 33 18

Mathias Lundsfryd Bendiksen
State Authorised Public Accountant
mne35805

Company information

The company	HIDROSTAL A/S Petersmindevej 25 5000 Odense C
	Company reg. no. 17 47 25 77 Established: 1 December 1993 Domicile: Odense Financial year: 1 January - 31 December 29th financial year
Board of directors	Rolf Schweizer, Chairman Jeppe Holm Svend Aage Larsen
Managing Director	Jeppe Holm
Auditors	Revision & Råd Statsautoriseret Revisionsaktieselskab Svendborgvej 83 5260 Odense S
Parent company	Hidrostal Holding AG, Schweiz
Subsidiary	Veje Engineering ApS, Lejre

Consolidated financial highlights

DKK in thousands.	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Income statement:					
Gross profit	42.065	29.335	28.168	25.408	24.420
Profit from operating activities	13.260	4.668	6.310	3.855	3.738
Net financials	-300	-286	-275	-263	-145
Net profit or loss for the year	10.164	3.334	4.568	2.640	2.654
Statement of financial position:					
Balance sheet total	70.138	66.655	75.194	48.493	53.551
Investments in property, plant and equipment	2.087	1.901	3.313	723	315
Equity	37.251	29.162	29.277	26.849	24.412
Cash flows:					
Operating activities	3.838	1.692	10.113	-1.278	8.905
Investing activities	-1.896	-1.851	-3.310	-723	-315
Financing activities	-1.847	-3.863	-607	130	-2.644
Total cash flows	94	-4.022	6.196	-1.871	5.946
Key figures in %:					
Solvency ratio	53,1	43,8	38,9	55,4	45,6
Return on equity	30,6	11,4	16,3	10,3	10,9

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
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

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

Management's review

The principal activities of the group

Like previous years, the activities of the group and of HIDROSTAL A/S are sales, manufacturing and service of wells, pumps and well fittings. Hidrostal A/S operates in the Nordic Market within wastewater, aquaculture, and industrial applications. The nature of business is manufacturing for above markets incl. project management of installation turnkey wastewater projects. The focus is to deliver sustainable solutions to the market. Hidrostal A/S's activities are centered around Hidrostal values, which among other things, are based on UN's Sustainable Development Goals.

Development in activities and financial matters

The gross profit for the parent company for the year totals DKK 36.500.614 against DKK 23.069.000 last year. Income or loss from ordinary activities after tax totals DKK 10.163.942 against DKK 3.334.000 last year. The management considers the net profit for the year satisfactory.

The gross profit for the group for the year totals DKK 42.065.196 against DKK 29.335.000 last year. Income or loss from ordinary activities after tax totals DKK 10.163.942 against DKK 3.334.000 last year. Management considers the net profit or loss for the year satisfactory.

There has been a change in accounting estimates which affects the profit for 2022 and the equity at 31/12 2022, cf. the description under "Accounting policies" in the annual report.

Hidrostal A/S has as a result of the world situation including the war in Ukraine withdrawn its activities regarding trade with Russia and Belarus. The company do not want to service markets in these countries due to the current situation.

Financial risks

Foreign currency risks

The company buys its goods primarily in CHF. With the majority of sales being settled in DKK and EUR, the company is exposed to fluctuations in these currencies against CHF. In the light of the instability of the exchange rate between EUR and CHF in later years the company is continuously working on managing this risk.

Internal policies for currency hedging have been initiated this year. This has been done to help minimize the risk associated with the development of currency when trading and buying in different currencies for major projects and over time.

Commodity risks

The company is exposed to fluctuations in commodity and raw material prices. In the current economic climate, this risk is considered particularly relevant to the company.

A major challenge in the current market is the rising commodity prices. Hidrostal A/S tries to minimize the risk by continuously focusing on purchasing policies including large purchase and discount agreements.

Management's review

Security of supply and reliability of delivery

Another important risk in the current market is security of supply. Hidrostal A/S is like many other companies affected by the global challenge of supply and delivery and how to ensure stability of supply. A large part of Hidrostal A/S product portfolio is bought from the Hidrostal group worldwide. The Hidrostal group worldwide's value chain covers the entire value chain from production to end customer, and this helps to ensure a high security of supply and independency. For the part that does not concern product purchases by the Hidrostal Group worldwide Hidrostal A/S attempts to minimize the risk associated with security of supply - this is done among other things through specific agreements with suppliers.

Expected developments

Right now the outlook for the future is unsecure due to war and crisis in Europe and this gives some uncertainties despite this the company expects to realize a result in 2023 at the same level as in 2022.

Events occurring after the end of the financial year

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

Accounting policies

The annual report for HIDROSTAL 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.

Change in accounting estimates

In 2022, the company has made a change in accounting estimates regarding provisions for anticipated costs of non-recourse guarantee commitments (part of "Other provisions" in the balance sheet). The calculation now takes a specific risk assessment of groups of customers into account, rather than a general view of the entire population of customers. The risk associated with different groups of customers is assessed based on the technical load and peak load of the products in different use cases.

The impact of the change in accounting estimates is recognized in the figures for 2022 and thus, the comparative figures are not adjusted. For both the parent company and the group, net profit for the year after tax as well as equity at 31/12 2022 are increased by tDKK 2.820 when compared to the previously applied estimates.

The consolidated financial statements

The consolidated income statements comprise the parent company HIDROSTAL A/S and those group enterprises of which HIDROSTAL A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

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.

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.

Accounting policies

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they are measured at fair value. Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

Income statement

Gross profit

Gross profit comprises the revenue, changes in contract work in progress, cost of sales, 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. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, as well as salary reimbursements received and profit from the disposal of intangible and tangible assets.

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

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Accounting policies

Financial income and expenses

Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency etc.

Results from investment in subsidiaries

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the subsidiary is recognised in the income statement of the parent as a proportional share of the subsidiary's 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 parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

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

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 5 and 25 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile. The amortisation periods used are 5 years.

Property, plant, and equipment

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

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

Accounting policies

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

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

	Useful life	Residual value
Buildings	25 years	0-50 %
Leasehold improvements	5-20 years	0 %
Other fixtures and fittings, tools and equipment	5 years	0 %

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

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value 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 group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Investments

Investments in subsidiarie

Investments in subsidiarie is recognised and measured by applying the equity method. The equity method is used as a measurement method.

Accounting policies

Investments in subsidiaries 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 represents 5-20 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. The amortisation periods used are 5 years.

To the extent the equity exceeds the cost, the net revaluation of equity investment in subsidiaries transferred to the reserve under equity for net revaluation according to the equity method. Dividend from subsidiaries 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 subsidiaries.

Deposits

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

Impairment loss relating to non-current assets

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

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown 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.

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.

Accounting policies

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

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, impairment takes place at the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

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 and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

Accounting policies

Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments. The reserve is distributable and is dissolved once the value adjustments have been applied or reversed.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Provisions

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

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

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

When it is likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Income tax and deferred tax

As administration company, HIDROSTAL A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

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 "Income tax receivable" or "Income tax payable".

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.

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.

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

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Accounting policies

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.

Income statement 1 January - 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Note	Group		Parent		
	2022	2021	2022	2021	
	42.065.196	29.335	36.500.614	23.069	
	Gross profit				
1	Staff costs	-27.481.216	-23.223	-23.621.155	-19.440
	Depreciation, amortisation and impairment	-1.324.085	-1.444	-1.139.941	-889
	Operating profit	13.259.895	4.668	11.739.518	2.740
	Income from investments in subsidiaries	0	0	1.244.753	1.414
	Other financial income from subsidiaries	16.817	18	16.817	18
	Other financial income	36.859	45	36.859	45
2	Other financial expenses	-353.576	-349	-431.085	-307
	Pre-tax net profit or loss	12.959.995	4.382	12.606.862	3.910
3	Tax on net profit or loss for the year	-2.796.053	-1.048	-2.442.920	-576
4	Net profit or loss for the year	10.163.942	3.334	10.163.942	3.334

Balance sheet at 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Note	Group		Parent		
	2022	2021	2022	2021	
Assets					
Non-current assets					
5	Goodwill	0	0	0	0
	Total intangible assets	0	0	0	0
6	Property	5.176.767	5.283	5.176.767	5.283
7	Other fixtures and fittings, tools and equipment	4.160.544	3.153	3.251.346	2.736
8	Leasehold improvements	1.313.049	1.451	1.247.477	1.374
	Total property, plant, and equipment	10.650.360	9.887	9.675.590	9.393
9	Investment in subsidiary	0	0	7.712.614	6.468
10	Deposits	205.452	295	0	90
	Total investments	205.452	295	7.712.614	6.558
	Total non-current assets	10.855.812	10.182	17.388.204	15.951

Balance sheet at 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Note	Group		Parent		
	2022	2021	2022	2021	
Assets					
Current assets					
	Manufactured goods and goods for resale	17.825.946	16.001	17.790.938	15.934
	Prepayments for goods	69.149	0	69.149	0
	Total inventories	17.895.095	16.001	17.860.087	15.934
	Trade receivables	28.970.650	27.776	27.943.744	26.794
11	Contract work in progress	6.695.329	6.150	6.369.295	6.097
	Receivables from subsidiaries	104.583	832	104.583	832
12	Deferred tax assets	0	428	0	545
	Income tax receivables	0	615	0	615
	Tax receivables from subsidiaries	0	0	412.566	625
	Other receivables	783.577	67	783.577	63
13	Prepayments	551.655	418	481.182	336
	Total receivables	37.105.794	36.286	36.094.947	35.907
	Cash and cash equivalents	4.281.152	4.186	3.524.908	2.721
	Total current assets	59.282.041	56.473	57.479.942	54.562
	Total assets	70.137.853	66.655	74.868.146	70.513

Balance sheet at 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Note	Group		Parent	
	2022	2021	2022	2021
Equity and liabilities				
Equity				
	1.000.000	1.000	1.000.000	1.000
Contributed capital				
Reserve for net revaluation according to the equity method	0	0	3.552.114	2.307
Reserve for hedging transactions	75.339	0	75.339	0
Retained earnings	32.360.831	26.012	28.808.717	23.704
Proposed dividend for the financial year	3.815.000	2.150	3.815.000	2.150
Total equity	37.251.170	29.162	37.251.170	29.161
Provisions				
14 Provisions for deferred tax	521.342	0	463.642	0
15 Other provisions	2.256.000	5.122	2.256.000	5.122
Total provisions	2.777.342	5.122	2.719.642	5.122
Long term liabilities other than provisions				
	2.571.267	1.220	1.972.825	1.045
Lease liabilities				
Other payables	0	1.128	0	1.128
16 Total long term liabilities other than provisions	2.571.267	2.348	1.972.825	2.173

Balance sheet at 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

Note	Group		Parent	
	2022	2021	2022	2021
Equity and liabilities				
16 Current portion of long term liabilities	524.771	462	389.312	406
Bank loans	15.815	0	15.815	0
11 Contract work in progress	4.362.687	2.992	4.362.687	2.958
Trade payables	4.029.122	4.493	3.630.338	4.215
Payables to subsidiaries	14.042.796	14.961	20.413.796	20.954
Income tax payable	10.590	0	10.590	0
Other payables	4.552.293	4.845	4.101.971	3.254
17 Deferred income	0	2.270	0	2.270
Total short term liabilities other than provisions	<u>27.538.074</u>	<u>30.023</u>	<u>32.924.509</u>	<u>34.057</u>
Total liabilities other than provisions	<u>30.109.341</u>	<u>32.371</u>	<u>34.897.334</u>	<u>36.230</u>
Total equity and liabilities	<u>70.137.853</u>	<u>66.655</u>	<u>74.868.146</u>	<u>70.513</u>
18 Disclosures on fair value				
19 Charges and security				
20 Contingencies				
21 Related parties				

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Reserve for net revaluation according to the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	1.000.000	0	0	26.011.889	2.150.000	29.161.889
Distributed dividend	0	0	0	0	-2.150.000	-2.150.000
Share of profit or loss	0	0	0	6.348.942	3.815.000	10.163.942
Fair value adjustments of hedging instruments for the year	0	0	96.589	0	0	96.589
Tax relating to equity transactions	0	0	-21.250	0	0	-21.250
	1.000.000	0	75.339	32.360.831	3.815.000	37.251.170

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revaluation according to the equity method	Reserve for hedging transactions	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2022	1.000.000	2.307.361	0	23.704.528	2.150.000	29.161.889
Distributed dividend	0	0	0	0	-2.150.000	-2.150.000
Share of profit or loss	0	1.244.753	0	5.104.189	3.815.000	10.163.942
Fair value adjustments of hedging instruments for the year	0	0	96.589	0	0	96.589
Tax relating to equity transactions	0	0	-21.250	0	0	-21.250
	1.000.000	3.552.114	75.339	28.808.717	3.815.000	37.251.170

Statement of cash flows 1 January - 31 December

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

<u>Note</u>	Group	
	<u>2022</u>	<u>2021</u>
Net profit or loss for the year	10.163.942	3.334
22 Adjustments	1.549.120	3.011
23 Change in working capital	-6.333.615	-2.315
Cash flows from operating activities before net financials	5.379.447	4.030
Interest received, etc.	53.676	62
Interest paid, etc.	-353.576	-348
Cash flows from ordinary activities	5.079.547	3.744
Income tax paid	-1.241.999	-2.052
Cash flows from operating activities	3.837.548	1.692
Purchase of property, plant, and equipment	-1.896.111	-1.901
Sale of property, plant, and equipment	0	50
Cash flows from investment activities	-1.896.111	-1.851
Repayments of long-term payables	286.736	-367
Dividend paid	-2.150.000	-3.450
Changes in short-term bank loans	15.801	-46
Cash flows from investment activities	-1.847.463	-3.863
Change in cash and cash equivalents	93.974	-4.022
Cash and cash equivalents at opening balance	4.187.178	8.209
Cash and cash equivalents at end of period	4.281.152	4.187
Cash and cash equivalents		
Cash and cash equivalents	4.281.152	4.187
Cash and cash equivalents at end of period	4.281.152	4.187

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Group		Parent	
	2022	2021	2022	2021
1. Staff costs				
Salaries and wages	24.257.841	20.600	20.806.731	17.151
Pension costs	2.788.176	2.326	2.456.613	2.048
Other costs for social security	435.199	297	357.811	241
	27.481.216	23.223	23.621.155	19.440
Average number of employees	51	42	43	35

According to The Danish Financial Statements Act § 98b, remuneration to the Board of Directors have not been disclosed.

In addition to the above staff costs, DKK 180.079 has been recognized under "Other external costs", which is included under "Gross profit" in the income statement, which relates to the costs of operating a free car and telephone as well as health insurance, which is part of the remuneration.

	Group		Parent	
	2022	2021	2022	2021
2. Other financial expenses				
Financial costs, group enterprises	0	0	143.776	35
Other financial costs	353.576	349	287.309	272
	353.576	349	431.085	307
3. Tax on net profit or loss for the year				
Tax on net profit or loss for the year	1.846.396	940	1.433.830	315
Adjustment of deferred tax for the year	949.657	104	1.009.090	257
Adjustment of tax for previous years	0	4	0	4
	2.796.053	1.048	2.442.920	576

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Parent	
	2022	2021
4. Proposed appropriation of net profit		
Reserves for net revaluation according to the equity method	1.244.753	1.414
Dividend for the financial year	3.815.000	2.150
Transferred to retained earnings	5.104.189	0
Allocated from retained earnings	0	-230
Total allocations and transfers	10.163.942	3.334

	Group	
	31/12 2022	31/12 2021
5. Goodwill		
Cost opening balance	2.602.940	2.603
Cost end of period	2.602.940	2.603
Amortisation and writedown opening balance	-2.602.940	-2.343
Amortisation and depreciation for the year	0	-260
Amortisation and writedown end of period	-2.602.940	-2.603
Carrying amount, end of period	0	0

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
6. Property				
Cost opening balance	5.750.096	5.750	5.750.096	5.750
Cost end of period	5.750.096	5.750	5.750.096	5.750
Depreciation and writedown opening balance	-466.814	-360	-466.814	-360
Amortisation and depreciation for the year	-106.515	-107	-106.515	-107
Depreciation and writedown end of period	-573.329	-467	-573.329	-467
Carrying amount, end of period	5.176.767	5.283	5.176.767	5.283

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
7. Other fixtures and fittings, tools and equipment				
Cost opening balance	9.384.903	9.171	6.761.667	6.345
Additions during the year	1.918.958	452	1.254.369	417
Disposals during the year	0	-238	0	0
Cost end of period	11.303.861	9.385	8.016.036	6.762
Amortisation and writedown opening balance	-6.232.061	-5.426	-4.026.672	-3.320
Amortisation and depreciation for the year	-911.256	-993	-738.018	-706
Reversal of depreciation, amortisation and impairment loss, assets disposed of	0	187	0	0
Amortisation and writedown end of period	-7.143.317	-6.232	-4.764.690	-4.026
Carrying amount, end of period	4.160.544	3.153	3.251.346	2.736
Lease assets are recognised at a carrying amount of	3.327.907	1.858	2.484.933	1.608
8. Leasehold improvements				
Cost opening balance	1.667.080	218	1.448.960	0
Additions during the year	168.468	1.449	168.468	1.449
Cost end of period	1.835.548	1.667	1.617.428	1.449
Depreciation and writedown opening balance	-216.185	-131	-74.543	0
Amortisation and depreciation for the year	-306.314	-85	-295.408	-75
Depreciation and writedown end of period	-522.499	-216	-369.951	-75
Carrying amount, end of period	1.313.049	1.451	1.247.477	1.374

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Parent	
	31/12 2022	31/12 2021
9. Investment in subsidiary		
Cost opening balance	4.160.500	4.161
Cost end of period	4.160.500	4.161
Revaluations, opening balance opening balance	4.910.301	3.236
Net profit or loss for the year before amortisation of goodwill	1.244.753	1.674
Revaluation end of period	6.155.054	4.910
Amortisation of goodwill, opening balance opening balance	-2.602.940	-2.343
Amortisation of goodwill for the year	0	-260
Depreciation on goodwill end of period	-2.602.940	-2.603
Carrying amount, end of period	7.712.614	6.468

Financial highlights for the enterprise according to the latest approved annual report

	Equity	Equity	Results for the	Carrying
	interest	DKK	year	amount,
			DKK	HIDROSTAL
				A/S
				DKK
Veje Engineering ApS, Lejre	100 %	7.712.614	1.244.753	7.712.614
		7.712.614	1.244.753	7.712.614

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
10. Deposits				
Cost opening balance	295.252	295	89.800	90
Disposals during the year	-89.800	0	-89.800	0
Cost end of period	205.452	295	0	90
Carrying amount, end of period	205.452	295	0	90

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
11. Contract work in progress				
Selling price of the production for the period	26.841.074	12.108	26.498.440	11.125
Progress billings	<u>-24.508.432</u>	<u>-8.950</u>	<u>-24.491.832</u>	<u>-7.986</u>
Contract work in progress, net	<u>2.332.642</u>	<u>3.158</u>	<u>2.006.608</u>	<u>3.139</u>
The following is recognised:				
Contract work in progress (current assets)	6.695.329	6.150	6.369.295	6.097
Contract work in progress (short-term liabilities other than provision)	<u>-4.362.687</u>	<u>-2.992</u>	<u>-4.362.687</u>	<u>-2.958</u>
	<u>2.332.642</u>	<u>3.158</u>	<u>2.006.608</u>	<u>3.139</u>
12. Deferred tax assets				
Deferred tax assets opening balance	0	532	0	802
Deferred tax of the net profit or loss for the year	<u>0</u>	<u>-104</u>	<u>0</u>	<u>-257</u>
	<u>0</u>	<u>428</u>	<u>0</u>	<u>545</u>
13. Prepayments				
Prepayments consists of prepayments on costs concerning subsequent financial year.				
14. Provisions for deferred tax				
Provisions for deferred tax opening balance	-428.315	-532	-545.448	-802
Deferred tax of the net profit or loss for the year	<u>949.657</u>	<u>104</u>	<u>1.009.090</u>	<u>257</u>
	<u>521.342</u>	<u>-428</u>	<u>463.642</u>	<u>-545</u>

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
15. Other provisions				
Other provisions opening balance	5.122.000	4.890	5.122.000	4.890
Change in other provisions for the year	<u>-2.866.000</u>	<u>232</u>	<u>-2.866.000</u>	<u>232</u>
	<u>2.256.000</u>	<u>5.122</u>	<u>2.256.000</u>	<u>5.122</u>

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

16. Long term liabilities other than provisions

	Total payables 31 Dec 2022	Current portion of long term payables	Long term payables 31 Dec 2022	Outstanding payables after 5 years
Group				
Lease liabilities	<u>3.096.038</u>	<u>524.771</u>	<u>2.571.267</u>	<u>422.264</u>
	<u>3.096.038</u>	<u>524.771</u>	<u>2.571.267</u>	<u>422.264</u>
Parent				
Lease liabilities	<u>2.362.137</u>	<u>389.312</u>	<u>1.972.825</u>	<u>279.470</u>
	<u>2.362.137</u>	<u>389.312</u>	<u>1.972.825</u>	<u>279.470</u>

	Group		Parent	
	31/12 2022	31/12 2021	31/12 2022	31/12 2021
17. Deferred income				
Accruals and deferred income	<u>0</u>	<u>2.270</u>	<u>0</u>	<u>2.270</u>
	<u>0</u>	<u>2.270</u>	<u>0</u>	<u>2.270</u>

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

18. Disclosures on fair value

Group

	Derived financial instruments (hedging transactions)
Fair value at end of period (assets)	734.435
Fair value at end of period (liabilities)	-637.846
Change in fair value of the year recognised in the equity before tax	96.589

Derived financial instruments comprise forward exchange contracts between EUR and CHF that the company has entered into in order to hedge against the fluctuations in the EUR/CHF exchange rates. The contracts efficiently hedge future purchases of goods in CHF, and they have durations of 1-12 months.

19. Charges and security

Debt to parent company, Hidrostal Holding AG, of DKK 0 is secured by way of mortgage on properties for DKK 7.000.000. The carrying amount of mortgaged properties is DKK 5.176.767.

20. Contingencies

Contingent liabilities

Rental or lease liabilities:

Liabilities under rental or lease agreements until maturity comprise for the parent in total DKK 4.485.000.

Liabilities under rental or lease agreements until maturity comprise for the group in total DKK 4.712.160.

Securities:

The insurance company, Tryg Garanti, has lodged security towards various customers for the parent for DKK 1.788.075.

The insurance company, Tryg Garanti, has lodged security towards various customers for the group for DKK 1.878.911.

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

20. Contingencies (continued)

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

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

21. Related parties

Controlling interest

Hidrostal Holding AG, Gigering 27, 8213 Neunkirch, Switzerland.

Majority shareholder

Transactions

All transactions with related parties are conducted on market terms.

Consolidated financial statements

The company is included in the consolidated financial statements of Hidrostal Holding AG, Gigering 27, 8213 Neunkirch, Switzerland.

Notes

Amounts concerning 2022: DKK.

Amounts concerning 2021: DKK thousand.

	Group	
	2022	2021
22. Adjustments		
Depreciation, amortisation and impairment	1.324.085	1.445
Other financial income	-53.676	-63
Other financial expenses	353.576	349
Tax on net profit or loss for the year	2.796.053	1.048
Other provisions	-2.866.000	232
Other adjustments	-4.918	0
	1.549.120	3.011
23. Change in working capital		
Change in inventories	-1.894.262	784
Change in receivables	-1.205.481	3.568
Change in trade payables and other payables	-3.233.872	-6.667
	-6.333.615	-2.315