Svend Hoyer A/S

Over Hadstenvej 42, DK-8370 Hadsten

Annual Report for 2023

CVR No. 17 63 06 95

The Annual Report was presented and adopted at the Annual General Meeting of the company on 9/5 2024

Henrik Petersen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Svend Hoyer A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Hadsten, 9 May 2024

Executive Board

Henrik Sørensen CEO	Henrik Petersen CFO

Board of Directors

Søren Østergaard Sørensen Chairman	Henrik Sørensen	Hans Mønster

Independent Auditor's report

To the shareholder of Svend Hoyer A/S

Opinion

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.

We have audited the Financial Statements of Svend Hoyer A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

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.

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism 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.

Aarhus C, 9 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
State Authorised Public Accountant
mne26783

Thomas Bernth Jensen
State Authorised Public Accountant
mne47814

Company information

The Company	Svend Hoyer A/S Over Hadstenvej 42 DK-8370 Hadsten CVR No: 17 63 06 95 Financial period: 1 January - 31 December Municipality of reg. office: Favrskov
Board of Directors	Søren Østergaard Sørensen, chairman Henrik Sørensen Hans Mønster
Executive Board	Henrik Sørensen Henrik Petersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	579,692	565,175	435,733	393,955	627,631
EBITDA	44,537	1,107	-3,385	8,542	68,255
EBITDA, adjusted *	45,911	25,743	-2,691	11,143	70,993
EBIT	38,941	-3,301	-6,601	8,542	65,728
Net financial income and expenses	23,820	17,091	7,948	4,508	357
Profit/loss from discontinuing activities * *	0	0	0	65,013	0
Net profit/loss for the year	61,158	14,140	2,339	77,238	45,897
Balance sheet					
Balance sheet total	518,948	553,616	476,736	360,204	315,089
Investment in property, plant and equipment	39	553	1,374	5,562	2,437
Equity	264,425	208,129	195,893	188,735	112,544
Number of employees	108	105	100	105	115
Ratios					
Solvency ratio	51.0%	37.6%	41.1%	52.4%	35.7%
Return on equity	25.9%	7.0%	1.2%	51.3%	51.3%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts, see under accounting policies.

* Adjusted EBITDA: Hoyer has incurred costs which are considered extraordinary or significantly outside Hoyer's normal activities. Consequently, adjusted EBITDA is an expression of Hoyer's normalised EBITDA from primary activities.

* * Profit/loss from discontinuing activities: The Hoyer Transmission business unit was divested in 2020. Comparable figures for 2019 have not been adjusted for the discontinuing activities, hence 2020-2023 lacks comparability with 2019.

Management's review

Key activities

Hoyer is a leading value adding provider of bespoke intelligent electric motor solutions to the marine, premium HVAC, energy, and industrial sectors, primarily in Europe and Asia. The Group designs high quality electric motors that are sold under the Hoyer brand and offers drives and controls that ensures long-term sustainable energy savings.

The value proposition is founded on industry-leading delivery performance, testing capabilities and product quality, supported by deep application knowledge and a commitment to value-added service, which ensure reliable solutions through the operating lifetime. These are all important parameters to the customers' business. Hoyer's strong customer relationships, timely delivery and offering of high-quality motors and solutions at competitive prices makes Hoyer an attractive partner. Hoyer's commitment to excellence is recognised by satisfied customers who rely on the products every day in the most difficult operating environments.

Development in the year and follow-up on development expectations from last year

Hoyer exceeds the target and expectation for overall earnings outlined in the Management Review of the Annual Report 2022.

The order book in 2023 is attributed to Hoyer's focused commercial approach, new initiatives, and an efficient supply chain management, which ensures delivery availability.

Revenue in 2023 of DKK 580 million maintained a consistent level compared to 2022. However, the composition of the revenue in 2023 highlights a consistent and substantial growth in energy efficient motors, including IE4 and the exceptionally efficient IE5/PM motors, which experienced a significant increase (132%) in 2023. The mindset of being a green transition partner is entrenched throughout the organisation enabling Hoyer to advise customers on choosing higher energy efficient motors than they initially opted for, benefitting both the customers and the environment. This positive development is expected to continue into 2024, further increasing Hoyer's contribution to the green transition.

The gross margin has shown significant improvements and has returned to a satisfactory level due to improvements in the supply chain, strong pricing discipline and better transparency in operations enhanced by the new ERP introduced in 2022. This resulted in a strong EBITDA performance of DKK 45 million compared to DKK 1 million in 2022.

The income statement of the company for 2023 shows a net profit of DKK 61 million, and at 31 December 2023 the balance sheet of the company shows equity of DKK 264 million.

Expectations for the future

Management expects a continued steady demand and growth in order intake in all segments for 2024.

Management anticipates revenue to be around DKK 608 million and EBITDA in the excess of DKK 45 million in the coming year.

Operating risks

Hoyer's primary business risk is linked to the overall global economic development and the specific developments within the customer and industry sectors served. In recent years Hoyer has diversified the customer base and expanded the presence in various segments such as premium HVAC, industrial pumps, and energy, reducing its reliance on the marine segment.

Hoyer is also exposed to variations in freight and material prices (copper, aluminium, cast iron, and silicon steel). During the years Hoyer has improved internal processes and procedures to be able to better address and manage this risk, which can be seen in a positive margin development.

Financial risks

As a result of its operations, investments and financing, Hoyer is exposed to changes in currency exchange rates, credit risks and liquidity risks.

Foreign exchange risks

Hoyer is affected by changes in currency exchange rates, as goods purchased and the main part of the turnover is invoiced in a foreign currency, while the main part of the costs, including wages and salaries, are mainly paid in Danish Kroner.

Hoyer hedges the foreign exchange risk by means of the finance policy approved by the Board of Directors.

Credit risks

Hoyer's policy for assuming credit risks means that all customers and other business partners are credit rated on an ongoing basis. The historical credit losses have been at a very low level.

Liquidity risks

Hoyer has credit facilities available exceeding the expected requirements of the Company.

Group structure as per 31/12-2023

The Group has legal companies in several countries in Europe, Asia, and America, which manage the activities in the respective areas. In addition, Svend Hoyer A/S also has branches in both Japan and Korea consisting of sales offices to support activities in these countries. The branches continue to be managed through the organisation in Svend Hoyer A/S.

Statement of ESG

No separate statement has been made for Svend Hoyer A/S. Please refer to the statement for Hoyer Group A/S.

In accordance with the Danish Financial Statements Act, section 99a Hoyer Group A/S publishes its report on ESG on the Hoyer's website. Please refer to our report here:
https://backoffice.hoyermotors.com/media/3oviwmod/hoyer_esg_2023.pdf

Statement on gender composition, cf. section 99b of the Financial Statements Act

In 2023 Hoyer has continuously been working on composing a diverse management team where each member's qualifications complement the Group's strategic development in the best possible way.

When hiring employees Hoyer focuses on attracting and employing more women in an industry that is highly dominated by men. This is done by offering internships and student jobs and by focusing on having at least 1-2 relevant female candidates at job interviews, whenever possible. It is the Group's policy not to discriminate and always appoint or recruit people based on their qualifications and match the requested profile.

Hoyer is working on creating uniform conditions for leader aspirants, regardless of gender. The objective is to achieve equal career opportunities for men and women through employment and recruitment procedures and by the Group's investment in development and education.

Management's review

	2023
Top management	
Total number of members	3
Underrepresented gender %	0%
Target figure %	33%
Year for meeting target	2025
Other management levels	
Total number of members	16
Underrepresented gender %	25%
Target figure %	40%
Year for meeting target	2026

Top management= Board of Directors

Statement on data ethics, cf. section 99d of the Financial Statements Act

The Company is responsible for and processes the information that customers provide, or which is collected about the customers. Customer information is treated with respect for the confidentiality of the information and for customer privacy.

There is a clear corporate policy stating that personal information is used respectfully for customers' and other stakeholders' privacy to ensure compliance with the General Data Protection Regulation (GDPR), the Danish Data Protection Act, the Chinese Personal Information Protection Law (PIPL), and the Chinese Personally Identifiable Information (PII).

We are committed to upholding ethical considerations around data collection, processing, and use, which are becoming increasingly important to customers, employees, and other stakeholders. Our ethical data practices are designed to ensure that our data handling aligns with our values, respects human rights, and contributes to the public good.

The purpose of the data ethics policy is to support Hoyer's data handling values and provide guidelines for current employees on how Hoyer collects, processes, uses, shares, and deletes data. This policy applies in all aspects where the Group processes data. We continuously evaluate our own efforts, actions, and policies related to our data ethics, including the use of new technology. This evaluation must include an assessment of whether it is necessary or appropriate to make changes to this policy or relevant procedures in Hoyer.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any material unusual events.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	1	579,692	565,175
Change in inventories of finished goods, work in progress and goods for resale		-49,507	26,920
Expenses for raw materials and consumables		-372,846	-489,670
Other external expenses		-48,127	-42,106
Gross profit		**109,212**	**60,319**
Staff expenses	2	-64,614	-59,212
Earnings Before Interest Taxes Depreciation and Amortization		**44,598**	**1,107**
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-5,596	-4,397
Other operating expenses		-61	-11
Profit/loss before financial income and expenses		**38,941**	**-3,301**
Income from investments in subsidiaries		27,424	14,979
Financial income	3	7,771	8,355
Financial expenses	4	-11,375	-6,245
Profit/loss before tax		**62,761**	**13,788**
Tax on profit/loss for the year	5	-1,603	352
Net profit/loss for the year	6	**61,158**	**14,140**

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Completed development projects		18,453	17,598
Intangible assets	7	**18,453**	**17,598**
Other fixtures and fittings, tools and equipment		3,308	5,830
Property, plant and equipment	8	**3,308**	**5,830**
Investments in subsidiaries	9	87,150	65,049
Receivables from group enterprises	10	1,791	1,646
Deposits	10	66	59
Fixed asset investments		**89,007**	**66,754**
Fixed assets		**110,768**	**90,182**
Finished goods and goods for resale		129,502	179,009
Inventories		**129,502**	**179,009**
Trade receivables		67,117	79,481
Receivables from group enterprises		43,374	37,319
Other receivables		1,405	880
Receivable from shareholders and Management		163,104	156,122
Deferred tax asset	12	0	124
Corporation tax receivable from group enterprises		0	5,963
Prepayments	11	1,931	1,946
Receivables		**276,931**	**281,835**
Cash at bank and in hand		**1,747**	**2,590**
Current assets		**408,180**	**463,434**
Assets		**518,948**	**553,616**

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		1,000	1,000
Reserve for net revaluation under the equity method		83,543	61,442
Reserve for development costs		14,393	13,726
Reserve for loans and security		163,104	156,122
Reserve for hedging transactions		-43	-504
Retained earnings		2,428	-23,657
Equity		**264,425**	**208,129**
Provision for deferred tax	12	1,015	0
Other provisions	13	2,400	1,765
Provisions		**3,415**	**1,765**
Other payables		3,249	3,074
Long-term debt	14	**3,249**	**3,074**
Credit institutions		113,414	169,223
Trade payables		32,871	53,616
Payables to group enterprises		87,910	96,708
Corporation tax		2,222	6,556
Other payables	14,15	11,442	14,545
Short-term debt		**247,859**	**340,648**
Debt		**251,108**	**343,722**
Liabilities and equity		**518,948**	**553,616**
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
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Accounting Policies	19		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for loans and security	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	61,442	13,726	156,122	-504	-23,657	208,129
Exchange adjustments	0	-5,323	0	0	0	0	-5,323
Fair value adjustment of hedging instruments, end of year	0	0	0	0	591	0	591
Tax on adjustment of hedging instruments for the year	0	0	0	0	-130	0	-130
Development costs for the year	0	0	3,083	0	0	-3,083	0
Depreciation, amortisation and impairment for the year	0	0	-2,416	0	0	2,416	0
Additions reserve for loans and security	0	0	0	6,982	0	-6,982	0
Net profit/loss for the year	0	27,424	0	0	0	33,734	61,158
Equity at 31 December	**1,000**	**83,543**	**14,393**	**163,104**	**-43**	**2,428**	**264,425**

Notes to the Financial Statements

1. Revenue

	2023	2022
	TDKK	TDKK
Geographical segments		
Europe	262,601	344,332
Asia	313,614	214,139
Other	3,477	6,704
	579,692	**565,175**

The Company has not disclosed its business segments as all products sold are categorised as "Motors".

2. Staff Expenses

	2023	2022
	TDKK	TDKK
Wages and salaries	59,282	54,376
Pensions	4,805	3,948
Other social security expenses	527	888
	64,614	**59,212**
Including remuneration to the Executive Board and Board of Directors:		
Executive board	2,960	2,333
Board of directors	225	225
	3,185	**2,558**
Average number of employees	**108**	**105**

3. Financial income

	2023	2022
	TDKK	TDKK
Interest received from group enterprises	784	647
Other financial income	6,987	2,835
Exchange adjustments	0	4,873
	7,771	**8,355**

Notes to the Financial Statements

4. Financial expenses

	2023	2022
	TDKK	TDKK
Interest paid to group enterprises	2,314	1,692
Other financial expenses	8,581	4,553
Exchange adjustments, expenses	480	0
	11,375	**6,245**

5. Income tax expense

	2023	2022
	TDKK	TDKK
Current tax for the year	7,175	-994
Deferred tax for the year	1,139	488
Adjustment of tax concerning previous years	-6,581	-12
	1,733	**-518**
thus distributed:		
Income tax expense	1,603	-352
Tax on equity movements	130	-166
	1,733	**-518**

6. Profit allocation

	2023	2022
	TDKK	TDKK
Reserve for net revaluation under the equity method	27,424	14,979
Retained earnings	33,734	-839
	61,158	**14,140**

Notes to the Financial Statements

7. Intangible fixed assets

	Completed development projects
	TDKK
Cost at 1 January	19,171
Additions for the year	3,952
Disposals for the year	-722
Cost at 31 December	22,401
Impairment losses and amortisation at 1 January	1,573
Amortisation for the year	3,097
Reversal of impairment and amortisation of sold assets	-722
Impairment losses and amortisation at 31 December	3,948
Carrying amount at 31 December	**18,453**

Development projects comprise of expenses relating the Company’s ERP-software and add-ons.

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	TDKK
Cost at 1 January	28,498
Additions for the year	39
Disposals for the year	-952
Cost at 31 December	27,585
Impairment losses and depreciation at 1 January	22,668
Depreciation for the year	2,499
Reversal of impairment and depreciation of sold assets	-890
Impairment losses and depreciation at 31 December	24,277
Carrying amount at 31 December	**3,308**
Including assets under finance leases amounting to	1,170

	2023	2022
	TDKK	TDKK

9. Investments in subsidiaries

	2023 TDKK	2022 TDKK
Cost at 1 January	3,607	3,607
Cost at 31 December	3,607	3,607
Value adjustments at 1 January	61,442	47,780
Exchange adjustment	-5,323	-1,317
Net profit/loss for the year	27,424	14,979
Value adjustments at 31 December	83,543	61,442
Carrying amount at 31 December	**87,150**	**65,049**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Svend Hoyer Power Transmission (Ningbo) Co. Ltd (sub-group)	Ningbo, China	100%

10. Other fixed asset investments

	Receivables from group enterprises	Deposits
	TDKK	TDKK
Cost at 1 January	1,646	59
Additions for the year	145	7
Cost at 31 December	1,791	66
Carrying amount at 31 December	**1,791**	**66**

11. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK

12. Provision for deferred tax

	2023	2022
Deferred tax liabilities at 1 January	-124	-612
Amounts recognised in the income statement for the year	1,139	488
Deferred tax liabilities at 31 December	**1,015**	**-124**

	2023	2022
	TDKK	TDKK

13. Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

	2023	2022
Other provisions	2,400	1,765
	2,400	**1,765**

	2023	2022
	TDKK	TDKK

14. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2023	2022
Other payables		
After 5 years	0	0
Between 1 and 5 years	3,249	3,074
Long-term part	3,249	3,074
Other short-term payables	11,442	14,545
	14,691	**17,619**

15. Derivative financial instruments

	2023	2022
	TDKK	TDKK

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Other payables	54	645

Forward exchange contracts have been concluded to hedge future purchase in CNY. At the balance sheet date, the fair value of the forward exchange contracts amounts to TDKK -54, which has resulted in a value adjustment on the equity of TDKK 591. The forward exchange contracts have a term of 1-3 months for an amount of TCNY 9,000.

16. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

	2023	2022
	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	9,783	8,787
Between 1 and 5 years	30,258	28,991
After 5 years	1,342	7,373
	41,383	**45,151**

Other contingent liabilities

Sydbank has pledged security in receivables from shareholders for all engagement with Svend Hoyer A/S and Svend Hoyer GmbH. The receivables amounts to DKK 163.1 million at 31 December 2023.

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Hoyer Group A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

17. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Xilos Co-Investment No. 1 Separate Limited Partnership Jersey, United Kingdom	Ultimate shareholder of Hoyer Group A/S
Hoyer Group A/S Hadsten, Denmark	Majority shareholder of Svend Hoyer A/S

Transactions

During the year, the Company had the following transactions with its ultimate Parent Company and its subsidiaries:

Revenue: TDKK 136,627 (2022: TDKK 129,354)

Goods purchased: TDKK -170,005 (2022: TDKK -167,202)

Rent, buildings: TDKK -6,733 (2022: TDKK -6,398)

Administration fee: TDKK 1,496 (2022: TDKK 1,300)

Management fee, paid: TDKK -7,347 (2022: TDKK -6,552)

Management fee, received: TDKK 2,690 (2022: TDKK 2,949)

Interest income: TDKK 784 (2022: TDKK 647)

Interest expenses: TDKK 2,314 (2022: TDKK 1,692)

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Hoyer Group A/S	Hadsten

18. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

19. Accounting policies

The Annual Report of Svend Hoyer A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of Hoyer Group A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Hoyer Group A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on geographical segments is based on the Company´s risks and returns and its internal financial reporting system.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Notes to the Financial Statements

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Hoyer Group A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 3-7 year.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-6 years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Financial Highlights

Explanation of financial ratios

Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity