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# Alfa Laval Aalborg A/S

## Annual report 2022

The annual report was presented and approved at the  
Company's annual general meeting on 16 June 2023

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chairman

A handwritten signature in blue ink, appearing to read 'E. A. L.', is written below the horizontal line and the title 'chairman'.

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DK-9000 Aalborg  
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CVR no. 17 83 06 35

# Alfa Laval Aalborg A/S

## Annual report 2022



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## Statement by Management

The Board of Directors and the Executive Board have today discussed and approved the annual report of Alfa Laval Aalborg 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.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of its operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's operations and financial matters, the results for the year and the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Aalborg, 16 June 2023

Executive Board:

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Stig Grøn Person

Board of Directors:

A handwritten signature in blue ink, appearing to be 'Emma Rebecka Matilda Adlerton', written over a horizontal line.

Emma Rebecka Matilda Adlerton

Chairman

A handwritten signature in black ink, appearing to be 'Søren Hjorth Krarup', written over a horizontal line.

Søren Hjorth Krarup

A handwritten signature in black ink, appearing to be 'Henrik Guldbæk Welch', written over a horizontal line.

Henrik Guldbæk Welch

A handwritten signature in black ink, appearing to be 'Nils Anders Lindmark', written over a horizontal line.

Nils Anders Lindmark

A handwritten signature in black ink, appearing to be 'Jacob Nørgaard', written over a horizontal line.

Jacob Nørgaard

A handwritten signature in black ink, appearing to be 'Tina Sørensen', written over a horizontal line.

Tina Sørensen



## Independent auditor's report

To the shareholder of Alfa Laval Aalborg A/S

### Opinion

We have audited the financial statements of Alfa Laval Aalborg A/S for the financial year 1 January – 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2022 and of the results of the Company's operations 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 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements and the IESBA Code.

### Management's responsibilities for the financial statements

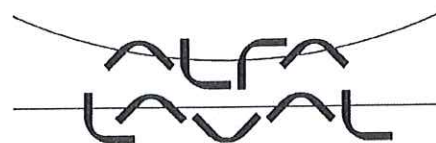
Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 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 the financial statements.





## Independent auditor's report

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

- 1) 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.



## Independent auditor's report

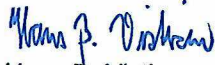
In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially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


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

Based on the work we have performed, we conclude that the 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 of the Management's review.

Aalborg, 16 June 2023

**EY Godkendt Revisionspartnerselskab**  
CVR no. 30 70 02 28

  
Hans B. Vistisen  
State Authorised Public Accountant  
mne23254

  
Chris Mark  
State Authorised Public Accountant  
mne42788

# Alfa Laval Aalborg A/S

## Annual report 2022



### Management's review

#### Company details

Alfa Laval Aalborg A/S  
Gasværksvej 21  
DK-9000 Aalborg

Telephone: +45 99 30 40 00

CVR no.:	17 83 06 35
Established:	15 April 1984
Registered office:	Aalborg
Financial year:	1 January – 31 December

#### Board of Directors

Emma Rebecka Matilda Adlerton (Chairman)  
Søren Hjort Krarup  
Nils Anders Lindmark  
Henrik Guldbæk Welch  
Jacob Nørgaard  
Tina Sørensen

#### Executive Board

Stig Grøn Person

#### Audit

EY Godkendt Revisionspartnerselskab  
Vestre Havnepromenade 1A  
DK-9000 Aalborg

#### Annual general meeting

The annual general meeting will be held on 16 June 2023.





## Management's review

### Financial highlights

DKKkm	2022	2021	2020	2019*	2018
Revenue	2,555	2,550	2,519	1,821	973
Gross profit/loss	294	387	374	330	250
Profit/loss from ordinary operating activities	-88	58	81	20	-24
Profit/loss from net financials, incl. dividend	256	241	332	175	163
<b>Profit/loss for the year</b>	<b>185</b>	<b>319</b>	<b>400</b>	<b>191</b>	<b>143</b>
Total assets	1,985	2,037	2,098	2,110	1,604
Investments in property, plant and equipment	2	2	3	2	2
<b>Equity</b>	<b>1,093</b>	<b>1,133</b>	<b>1,020</b>	<b>744</b>	<b>647</b>
Profit margin	-3.5%	2.3%	3.2%	1.1%	-2.5%
Return on capital employed	-4.4%	2.8%	3.8%	1.1%	-1.4%
Equity ratio	55.1%	55.6%	48.6%	35.2%	40.3%
Return on equity	16.6%	29.6%	45.3%	27.4%	21.6%
<b>Average number of full-time employees</b>	<b>434</b>	<b>427</b>	<b>461</b>	<b>423</b>	<b>365</b>

\* In June 2019 the Pure Ballast activity was transferred from Alfa Laval Copenhagen A/S. The book value method was used and no comparative figures was adjusted in relation to this structural change. The Pure Ballast activity was recognised from date of change in control, 1 June 2019 and until 31 December 2019 (7 months).

Financial ratios are calculated in accordance with the Danish Finance Society's guidelines.

The financial highlights have been calculated as follows:

Profit margin	$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$
Return on capital employed	$\frac{\text{Operating profit/loss}}{\text{Average assets} \times 100}$
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Return on equity	$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$





## Management's review

### Operating review

#### Principal activities

The Company develops, manufactures, delivers and services boilers, burners, exhaust gas cleaning systems, heat exchangers and inert gas systems for ships and industries worldwide. Moreover, the Company is increasing its focus on the development of green technologies designed for the shipping industry, including assembly of ballast water treatment equipment.

#### Development in activities and financial matters

In 2022, the Company reported revenue of DKK 2,555,378 thousand against DKK 2,549,704 thousand last year. The income statement for 2022 shows a profit of DKK 185,194 thousand against a profit of DKK 318,539 thousand last year.

The realised revenue and profit from ordinary operating activities ended up lower than what we had assumed in our outlook in last annual report. Increased prices on materials during the year affected the profit from ordinary operating activities negatively. The development versus last year is not considered satisfactory. Due to lower profit from ordinary operating activities it has been decided to make a change in the value chain and move the production of boilers etc. to another company within Alfa Laval.

At 31 December 2022, the Company's balance sheet showed equity of DKK 1,093,342 thousand.

#### Special items

In mid-December 2022, Alfa Laval announced a decision to carry out, namely an internal merger of two departments within the Marine activity, as well as a scaling down of the production of boilers, E-Power-Packs and assembly of PureBallast at the factory in Aalborg. The production of the latter will be carried out by other companies in the Alfa Laval Group going forward. In connection with the publication of the restructuring plan, management has drawn up a structured/detailed plan for how restructuring is expected to be carried out. As of 31 December 2022, provisions totaling DKK 69,213 thousand have been made, which include severance pay, salaries for redundant employees, contractual obligations, including leases with re-establishment costs when vacating leases, rent/leasing of operating assets, external and internal costs for clearing premises, costs for contracts that become loss-making, external advisors etc.

Furthermore tangible fixed assets have been impaired by DKK 5,540 thousand as of 31 December 2022 to the expected sale/fair value of the assets.

Furthermore, a special write-down on inventories of DKK 64,879 thousand has been made as at 31 December 2022 in connection with the Pure Ballast activity.

As a result of the crisis in Ukraine, a provision of DKK 12,286 thousand has been made for expected losses on orders.

Furthermore, a provision on DKK 25,655 thousand has been made as of 31 December 2022 for expected losses on contract work due to rising raw material prices throughout 2022.



### **Uncertainty related to recognition and measurement**

Except from the items mentioned above regarding special items, where there is inherently significant uncertainty, there are no material uncertainty related to the financial statement items in the annual report

### **Special risks**

The Company assesses that it is exposed to the following risks that may affect performance and expected results:

- Cancellation of contracts or credit risk
- Product defects
- Competitive environment
- Foreign currency risk related to purchase and sale on global markets
- Trends in the new ship market.

Activities are continuously in progress to reduce the effect of these risks. In addition, the company does not have financial risks beyond those normally occurring in the industry.

### **Outlook**

In 2023 the Company expects a decrease in revenue to app. DKK 1,9 billion and increase in operating profit to app. DKK 3 million compared to 2022.

### **Report on the Corporate social responsibility (CSR) according to section 99 a of the Danish Financial Statements Act**

Alfa Laval respects human rights of employees and the communities that we live in and deliver to. For our statutory report on corporate social responsibility, cf. section 99a, reference is made to: <https://www.alfalaval.com/about-us/sustainability/a-matter-of-trust/sustainability-reports/>

Moreover, reference is made to the consolidated financial statements of our Swedish parent company Alfa Laval AB.

### **Report on the gender composition of Management according to section 99 b of the Danish Financial Statements Act**

The composition of the Board of Directors is decided at group level in accordance with the Group's and thus the Company's general policy that "Alfa Laval is working to achieve equal career opportunities of for instance gender or ethnic origin". At 31 December 2022, the Board of Directors of Alfa Laval Aalborg A/S consisted of 6 members, of which two are female. One female board member was elected by the general meeting.

At 31 December 2022 other management at Alfa Laval Aalborg A/S consisted of 12 % female managers and 88 % male managers. Other management is defined by people leaders.

It is Alfa Laval's goal by 2025 to have 35% females globally and 25% female managers. To increase the number of women in other management levels and meet the set targets, Alfa Laval Aalborg A/S are doing a significant and broad effort. Alfa Laval Aalborg A/S have regular development programmes for women with management potential, Alfa Laval have an Inclusion and Diversity Policy and furthermore Alfa Laval's business principles "The Way We Act" consist of "Caring: We prosper in a safe and inclusive culture".





**Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act**

Alfa Laval Aalborg A/S is working with data in alliance with the Alfa Laval Business Principles within the Compliance and Ethics Program valid for the Alfa Laval group. The headlines for working ethical around data in Alfa Laval are "Transparency" and "Trust". Working transparent and trustworthy with protection of personal data, safeguarding confidential business data, reporting financial data honestly and protection of Alfa Laval's assets. Policies and guidelines for working with data are in place.

Alfa Laval Aalborg A/S is working with several types of data such as personal data, confidential business information – such as technical, financial and data about employees, customers and business partners. For Alfa Laval data is a valuable asset and treated in a secure and confidential way. Use of new technologies are only used if in line with internal principles, policies and guidelines.

Employees are trained in working with data securely and in compliance with relevant legislations.



## Financial statements 1 January – 31 December

### Income statement

DKK'000	Note	2022	2021
<b>Revenue</b>	3	2,555,378	2,549,704
Raw materials and consumables		-1,882,991	-1,749,689
Other operating income		25,771	25,074
Other external expenses		-404,345	-438,585
<b>Gross profit/loss</b>		293,813	386,504
Staff costs	4	-355,479	-303,657
Amortisation of intangible assets and depreciation on property, plant and equipment	9-11	-26,664	-24,747
<b>Profit/loss from ordinary operating activities</b>		-88,330	58,100
Income from equity investments in group entities		237,009	252,617
Financial income	5	29,261	1,545
Financial expenses	6	-10,262	-13,275
<b>Profit/loss before tax</b>		167,678	298,987
Tax for the year	7	17,516	19,552
<b>Profit/loss for the year</b>		185,194	318,539





## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2022	2021
<b>Assets</b>			
<b>Fixed assets</b>			
<b>Intangible assets</b>			
Intangible assets acquired regarding technologies	9	7,118	9,490
<b>Property, plant and equipment</b>			
Land and buildings	10	19,476	22,390
Plant and machinery		481	3,616
Fixtures and fittings, tools and equipment		13,229	20,891
Property, plant and equipment under construction		1,262	129
		34,448	47,026
<b>Leasing assets</b>			
Right of use	11	131,822	136,015
<b>Investments</b>			
Equity investments in group entities	12	593,575	598,280
Other receivables		4,882	4,801
		598,457	603,081
<b>Total fixed assets</b>		771,845	795,612
<b>Current assets</b>			
<b>Inventories</b>			
Raw materials and consumables		299,364	445,129
Finished goods		114,141	149,611
Prepayments for goods		6,309	13,625
		419,814	608,365
<b>Receivables</b>			
Trade receivables		71,088	50,672
Contract assets	13	102,447	90,571
Receivables from group entities		185,509	153,927
Corporation tax receivable		0	11,924
Deferred tax asset	15	32,884	0
Other receivables		34,553	25,817
		426,481	332,911
<b>Cash</b>		367,064	299,726
<b>Total current assets</b>		1,213,359	1,241,002
<b>TOTAL ASSETS</b>		1,985,204	2,036,614



## Financial statements 1 January – 31 December

### Balance sheet

DKK'000	Note	2022	2021
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	256,097	256,097
Retained earnings		687,245	677,068
Proposed dividend for the financial year		150,000	200,000
<b>Total equity</b>		<u>1,093,342</u>	<u>1,133,165</u>
<b>Provisions</b>			
Deferred tax	15	0	8,232
Warranty commitments	16	71,806	69,699
Restructuring provisions	17	69,213	0
Provisions on contract work	17	35,632	0
Other provisions	17	19,800	21,000
<b>Total provisions</b>		<u>196,451</u>	<u>98,931</u>
<b>Liabilities</b>			
<b>Long term liabilities other than provisions</b>			
Leasing obligation, right of use	18	131,896	132,148
Other payables		0	0
<b>Total long term liabilities other than provisions</b>		<u>131,896</u>	<u>132,148</u>
<b>Current liabilities other than provisions</b>			
Leasing obligation, right of use		6,562	9,127
Loans from group entities	19	121,139	121,139
Prepayments received from customers		3,973	8,499
Contract liabilities	13	104,769	98,654
Trade payables		105,020	209,834
Payables to group entities		108,544	118,343
Corporation tax payable		15,879	0
Other payables		97,629	106,774
<b>Total current liabilities</b>		<u>563,515</u>	<u>672,370</u>
<b>Total liabilities</b>		<u>695,411</u>	<u>804,518</u>
<b>TOTAL EQUITY AND LIABILITIES</b>		<u><u>1,985,204</u></u>	<u><u>2,036,614</u></u>
<b>Contractual obligations and contingencies, etc.</b>	20		
<b>Currency and interest rate risks and use of derivative financial instruments</b>	21		
<b>Related parties</b>	22		
<b>Events after the balance sheet date</b>	23		

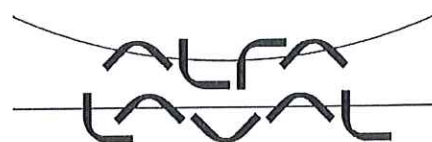


## Financial statements 1 January – 31 December

### Statement of changes in equity

DKK'000	Share capital	Retained earnings	Hedging reserve	Proposed dividend	Total
<b>Equity at 1 January 2021</b>	256,097	545,041	18,367	200,000	1,019,505
Distributed dividend	0	0	0	-200,000	-200,000
Transferred; see distribution of profit/loss	0	118,539	0	200,000	318,539
Value adjustments of hedging instruments	0	0	-6,255	0	-6,255
Tax on entries on shareholders' equity	0	0	1,376	0	1,376
<b>Equity at 1 January 2022</b>	256,097	663,580	13,488	200,000	1,133,165
Distributed dividend	0	0	0	-200,000	-200,000
Transferred; see distribution of profit/loss	0	35,194	0	150,000	185,194
Value adjustments of hedging instruments	0	0	-32,073	0	-32,073
Tax on entries on shareholders' equity	0	0	7,056	0	7,056
<b>Equity at 31 December 2022</b>	256,097	698,774	-11,529	150,000	1,093,342





## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Alfa Laval Aalborg A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the consolidated cash flow statement of Alfa Laval Corporate AB.

Pursuant to section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The financial statements of Alfa Laval Aalborg A/S and its subsidiaries are included in the consolidated financial statements of Alfa Laval Corporate AB.

Pursuant to section 96(3) of the Danish Financial Statements Act, the financial statements do not disclose information about fees to the auditor appointed at the annual general meeting. The fees are disclosed in the consolidated financial statements of Alfa Laval Corporate AB.

#### Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the company is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the company is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.





## Financial statements 1 January – 31 December Notes

### 1 Accounting policies (continued)

Integrated foreign entities are translated according to the following principles:

- The income statement is translated at the rates at the transaction date except for items derived from non-monetary assets. These are translated at the historical rates of the related monetary item.
- Monetary balance sheet items are translated at the rates at the acquisition date or any later date of revaluation.

### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables or other payables.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of the fair value of a recognised asset or liability are recognised in the income statement together with fair value adjustments of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future transactions are recognised in other receivables or other payables and in equity until the hedged transactions are carried out. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Fair value adjustments of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement on an ongoing basis.

## Income statement

### Revenue

The company will be applying IFRS 15 as its basis of interpretation for the recognition of revenue.

Revenue from contracts with customers are reported as "Net sales" in the incomestatement. "Net sales" are

referring to sales value less sales taxes, cancellations and discounts. Contracts with customers relate to sale of goods, services and projects.

IFRS 15 "Revenue from Contracts with Customers" covers how revenue recognition on contracts with customers shall be made.



## Financial statements 1 January – 31 December Notes

### 1 Accounting policies (continued)

Revenue recognition is based on five steps:

1. Identify the contract with a customer.
2. Identify the performance obligations in the contract.
3. Determine the transaction price.
4. Allocate the transaction price to the performance obligations in the contract.
5. Recognise revenue when the entity satisfies a performance obligation.

A performance obligation is a promise in a contract with a customer to transfer to the customer either:

- A good or service (or a bundle of goods or services) that is distinct; or
- A series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Two or more contracts entered into at or near the same time with the same customer are accounted for as a single contract if:

- The contracts are negotiated as a package; and/or
- The amount of consideration to be paid in the contracts are linked to each other; and/or
- The goods or services in the contracts are a single performance obligation.

A contract modification is treated as a separate contract if added products or services:

- are distinct; and
- have a stand-alone selling price.

Alfa Laval shall recognise the revenue when the performance obligation has been satisfied by transferring control over a promised good or service to the customer. Performance obligations can be satisfied either over time or at a point in time.

Alfa Laval transfers control of a good or service over time and, therefore, satisfies a performance obligation and recognises revenue over time, if one of the following criteria is met:

- The customer simultaneously receives and consumes the benefits provided by Alfa Laval's performance as Alfa Laval performs. This is normally the case for Alfa Laval's service offerings;
- Alfa Laval creates or enhances an asset that the customer controls as the asset is created or enhanced. This is normally the case when Alfa Laval performs the work at the customer's premises, which mainly relates to installation/commissioning; or
- Alfa Laval's performance does not create an asset with an alternative use to Alfa Laval and Alfa Laval has an enforceable right to payment for performance completed to date.





## Financial statements 1 January – 31 December Notes

### 1 Accounting policies (continued)

Alternative use to Alfa Laval means if Alfa Laval can sell the equipment to another customer. The number of engineering hours spent by Alfa Laval on making a product or process solution customer specific with a unique configuration is a good indication of whether there is an alternative use to Alfa Laval or not.

In order to establish the performance over time an output or input method is used. In Alfa Laval output methods are more applicable to service and component deliveries, whereas input methods are more applicable to projects and module sales. Depending on the nature of the project, the following methods are used.

Input methods:

- The proportion that the project costs incurred for work performed to date bear to the estimated total project costs.
- Surveys of work performed.

Considering the type of projects that Alfa Laval companies are involved in, the first method is usually the preferred.

Output methods:

- Completion of a physical proportion of the performance obligations. If a performance obligation is not satisfied over time it is satisfied at a point in time. To establish the point in time when the customer obtains control of a promised asset and Alfa Laval satisfies a performance obligation, the following control criteria must be considered:
  - Alfa Laval has a present right to payment for the asset.
  - The customer has legal title to the asset.
  - The customer has physical possession of the asset.
  - The customer has the significant risks and rewards of ownership of the asset.
  - The customer has accepted the asset.

Alfa Laval uses a variety of delivery terms depending on the customers preference, including Ex Works. Alfa Laval's preference is to use DAP (Delivered At Place) or DDP (Delivered Duty Paid) since these gives Alfa Laval better control that the customer really receives the goods in working order.

It is common that Alfa Laval provides a warranty in connection with the sale. The nature of the warranty can vary significantly across contracts. Normally warranties provide a customer with assurance that the related product will function as the parties intended according to the agreed-upon specifications. This is an assurance-type warranty. Alfa Laval's warranties normally cover a 12 months' period and are accounted for as a provision.



## Financial statements 1 January – 31 December Notes

### 1 Accounting policies (continued)

#### Other external expenses

Other external costs include costs relating to the company's primary activity that are incurred during the year, including costs for distribution, sales, advertising, administration, premises, bad debts, lease payments on operating leases, license fees etc.

#### Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions and other social security costs, etc., relating to the Company's employees. Refunds received from public authorities are deducted from staff costs.

#### Other operating income

Other operating income comprises items secondary to the Company's activities, including licence fees and gains on disposal of intangible assets and property, plant and equipment.

#### Other operating expenses

Other operating expenses comprise items secondary to the Company's activities and losses on disposal of intangible assets and items of property, plant and equipment.

#### Income from equity investments in group entities

Dividends from subsidiaries are recognised in the income statement.

#### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.





## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Tax for the year

Tax for the year comprises current corporation tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts recognised directly in equity is recognised directly in equity.

The Company is jointly taxed with the other Danish entities in the Alfa Laval Group. The Danish tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the administration company based on the rates applicable to interest allowances, and jointly taxed entities that have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the administration company.

##### Balance sheet

##### Intangible assets

On initial recognition, intangible assets are measured at cost.

Intangible assets acquired are measured at cost less accumulated amortisation and impairment losses and are usually amortised over 5 years, however not more than 20 years.

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

##### Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

The basis of depreciation is cost less any expected residual value at the end of the useful life. The basis of depreciation is distributed on a straight-line basis over the expected useful lives, which are as follows:

Buildings	20-40 years
Plant and machinery	3-10 years
Fixtures and fittings, tools and equipment	3-10 years

Useful lives and residual amounts are reassessed annually. Changes are treated as accounting estimates, and the effect of depreciation charges are recognised prospectively. Land is not depreciated.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Depreciation charges are recognised in the income statement.

Gains and losses on the disposal of property, plant and equipment are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. The gains or losses are recognised in the income statement as other operating income or other operating expenses, respectively.

#### Right-of-use assets

The company apply IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the company has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability
- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the company's remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the company expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the company's borrowing rate is applied as discount rate.

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

The interest element of the lease payments is recognised in the income statement over the contractual term.

The following leases are not recognised as assets and liabilities in the statement of financial position:

- Leases with a duration of twelve months or less (short leases)
- Leases where the replacement value of the asset is less than DKK 30,000. (low-value assets)

For such leases, the lease payment is recognised in the income statement as an expense on a linear basis over the lease term.





## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

When measuring the lease commitment, the Company has in absence of an contractual interest rate used an average incremental borrowing rate for discounting future lease payments of 1,8% for operating equipment, 3.0% for production properties and 3.0% for sale and administration properties.

#### Investments

Equity investments in subsidiaries are measured at cost less write-downs. In case of indication of impairment, an impairment test is conducted. If cost exceeds the recoverable amount, a write-down is made to this lower value.

Other receivables and deposits are recognised at amortised cost.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted on individual assets or groups of related assets when there is indication of impairment. Write-down is made to the lower of the carrying amount and the recoverable amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour costs and production overheads. Production overheads comprise costs of material and labour as well as maintenance of and depreciation on production machinery, buildings and equipment as well as costs relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.





## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

##### Contract work in progress

Ongoing service deliverables and contract work in progress are measured at the selling price of the work performed less progress billings. The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the work. The stage of completion is determined based on costs incurred relative to the expected total costs for the individual work in progress.

Where the selling price of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

If total costs of the contract work are expected to exceed the total sales value, the expected loss is recognised as an onerous agreement under provisions and expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the selling price.

##### Equity

##### Dividend

Proposed dividend is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is presented as a separate line item in equity.

##### Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for corrections of tax relating to taxable income in previous years and tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities, calculated on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity.



## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax.

#### Provisions

Provisions include expected costs for restructuring, guarantee obligations, losses on work in progress, etc. Provisions are recognised when, as a result of a past event on the balance sheet date, the Company has a legal or de facto obligation and it is likely that discharge of the obligation will result in a consumption of the undertaking's financial resources. Provisions are measured at net realisable value or fair value. If fulfillment of the obligation is expected to be far in the future, the obligation is measured at fair value.

Provisions are reviewed at each closing date and adjusted to reflect the current best estimate. If it is no longer probable that a payment to settle the obligation will be incurred, the provision is reversed. A provision must only be used for the purpose it was originally recognised for. Provisions are not recognised for future operating losses. An expectation of future operating losses is though an indication that certain assets of the operation may be impaired. If a contract is onerous, the present obligation under the contract is recognised and measured as a provision, once the assets used in order to finalize the contract have been tested for impairment.

#### Restructuring provisions

A provision for restructuring costs is recognised only when the general recognition criteria are met. A constructive obligation to restructure arises only when there is:

A detailed formal plan for the restructuring, identifying at least:

- i. the business or part of a business concerned;
- ii. the principal locations affected;
- iii. the location, function and approximate number of employees who will be compensated for terminating their services;
- iv. the costs that will be undertaken; and
- v. when the plan will be implemented; and

A valid expectation in those affected that the restructuring will be carried out.

A management or board decision to restructure does not give rise to a constructive obligation at the closing date unless the company has, before the closing date:

Started to implement the restructuring plan; or

Communicated the restructuring plan to those affected by it in a sufficiently specific manner to raise a valid expectation in them that the restructuring will happen.

A restructuring provision only includes the direct costs arising from the restructuring, which are those that are both:

Necessarily entailed by the restructuring; and

Not associated with the ongoing activities of the company





## Financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### *Warranty provisions*

Warranty obligations include obligations to repair works within the warranty period of 1-2 years. The provision for guarantee liabilities is measured at net realisable value and recognised on the basis of experience with guarantee work. Provisions with expected maturity beyond 1 year from the balance sheet date are discounted by the average bond yield.

##### *Provision on contract work*

When it is likely that the total cost will exceed the total revenue from a contract work, the total expected loss on the contract is recognised as a provisioned liability. The amount set aside is recognised under production costs..

##### **Liabilities**

Financial liabilities are recognised at cost at the date of borrowing, cost corresponding to the proceeds received less transaction costs. In subsequent periods, financial liabilities are measured at amortised cost.

Finance lease commitments are recognised at amortised cost as financial liabilities.

Other liabilities are measured at net realisable value.





## Financial statements 1 January – 31 December

### Notes

	2022
DKK'000	
<b>2 Special Items</b>	
<b>Costs</b>	
Restructuring costs	73,954
Loss on orders related to Russia	12,286
Other loss-making orders	25,665
	<u>111,905</u>
<b>Special Items are presented on the following lines in the financial statement:</b>	
Raw materials and consumables	37,951
Other external expenses	16,670
Staff costs	51,733
Amortisation of intangible assets and depreciation on property, plant and equipment	5,551
<b>Result of special items, net</b>	<u>111,905</u>

In mid-December 2022, Alfa Laval announced a decision to carry out, namely an internal merger of two departments within the Marine activity, as well as a scaling down of the production of boilers, E-Power-Packs and assembly of PureBallast at the factory in Aalborg. The production of the latter will be carried out by other companies in the Alfa Laval Group going forward. In connection with the publication of the restructuring plan, management has drawn up a structured/detailed plan for how restructuring is expected to be carried out. As of 31 December 2022, provisions totalling DKK 69,213 thousand have been made, which include severance pay, salaries for redundant employees, contractual obligations, including leases with re-establishment costs when vacating leases, rent/leasing of operating assets, external and internal costs for clearing premises, costs for contracts that become loss-making, external advisors etc.

Furthermore tangible fixed assets have been impaired by DKK 5,551 thousand as of 31 December 2022 to the expected sale/fair value of the assets.

Furthermore, a special write-down on inventories of DKK 64,879 thousand has been made as at 31 December 2022 in connection with the Pure Ballast activity.

As a result of the crisis in Ukraine, a provision of DKK 12,286 thousand has been made for expected losses on orders.

Furthermore, a provision on DKK 25,655 thousand has been made as of 31 December 2022 for expected losses on contract work due to rising raw material prices throughout 2022.

There were no significant special items in 2021.



## Financial statements 1 January – 31 December

### Notes

	2022	2021
DKK'000		
<b>3 Segment information, revenue</b>		
Broken down by business areas:		
New sales	2,139,764	2,188,751
Repairs and service	198,947	161,946
Spare parts	216,667	199,007
	<u>2,555,378</u>	<u>2,549,704</u>
Broken down by markets:		
Europe	1,340,159	1,345,806
Korea	563,071	479,863
China	230,203	232,070
Rest of Asia	296,995	347,176
North America, Central America and South America	124,099	140,493
Rest of the world	851	4,296
	<u>2,555,378</u>	<u>2,549,704</u>
<b>4 Staff costs</b>		
Wages and salaries	309,362	262,815
Pensions	22,678	21,643
Other social security costs	23,439	19,199
	<u>355,479</u>	<u>303,657</u>
Average number of employees	<u>434</u>	<u>427</u>
Pursuant to section 98b(3)(ii) of the Danish Financial Statements Act, management remuneration is not disclosed.		
<b>5 Other financial income</b>		
Interest income from group entities	3,313	67
Other financial income	25,948	1,478
	<u>29,261</u>	<u>1,545</u>
<b>6 Financial expenses</b>		
Interest expenses to group entities	3,053	6,044
Other financial expenses	7,209	7,231
	<u>10,262</u>	<u>13,275</u>



## Financial statements 1 January – 31 December

### Notes

	2022	2021
DKK'000		
<b>7 Tax for the year</b>		
Current tax for the year	16,585	8,546
Deferred tax adjustment for the year	-41,116	-170
Prior year adjustment	-41	-29,304
	<u>-24,572</u>	<u>-20,928</u>
Specified as follows:		
Tax for the year	-17,516	-19,552
Tax on changes in equity	-7,056	-1,376
	<u>-24,572</u>	<u>-20,928</u>
<b>8 Proposed distribution of profit/loss</b>		
Proposed dividend for the financial year	150,000	200,000
Retained earnings	35,194	118,539
	<u>185,194</u>	<u>318,539</u>
<b>9 Intangible assets</b>		
DKK'000		Intangible assets acquired
Cost at 1 January 2022		<u>28,470</u>
Cost at 31 December 2022		<u>28,470</u>
Amortisation and impairment losses at 1 January 2022		18,980
Amortisation		<u>2,373</u>
Amortisation and impairment losses at 31 December 2022		<u>21,353</u>
<b>Carrying amount at 31 December 2022</b>		<u>7,117</u>

Intangible assets acquired comprise patents and design rights acquired.





## Financial statements 1 January – 31 December

### Notes

#### 10 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Property, plant and equipment under construction	Total
Cost at 1 January 2022	84,358	12,816	67,606	129	164,909
Additions	0	0	0	1,616	1,616
Disposals	0	-1,388	-537	0	-1,925
Transferred	124	0	359	-483	0
Cost at 31 December 2022	84,482	11,428	67,428	1,262	164,600
Depreciation and impairment losses at 1 January 2022	61,968	9,200	46,715	0	117,883
Depreciation	3,038	2,782	7,717	0	13,537
Disposals	0	-1,035	-233	0	-1,268
Depreciation and impairment losses at 31 December 2022	65,006	10,947	54,199	0	130,152
<b>Carrying amount at 31 December 2022</b>	<b>19,476</b>	<b>481</b>	<b>13,229</b>	<b>1,262</b>	<b>34,448</b>

Tangible fixed assets have been impaired by DKK 5,551 thousand as of 31 December 2022 to the expected sale/fair value of the assets due to two significant restructurings of the activities in the Company announced in mid-December 2022.

#### 11 Leased assets

DKK'000	Right of use, land and buildings	Right of use, equipment	Total
Recognised at 1 January 2022	159,265	4,921	164,186
Additions	6,443	496	6,939
Disposals	-10,312	-1,284	-11,596
Cost at 31 December 2022	155,396	4,133	159,529
Depreciation and impairment losses at 1 January 2022	25,930	2,241	28,171
Depreciation	9,701	1,053	10,754
Disposals	-10,312	-906	-11,218
Depreciation and impairment losses at 31 December 2022	25,319	2,388	27,707
<b>Carrying amount at 31 December 2022</b>	<b>130,077</b>	<b>1,745</b>	<b>131,822</b>



## Financial statements 1 January – 31 December

### Notes

#### 12 Investments

DKK'000	Equity investments in group entities	Other receivables
Cost at 1 January 2022	613,245	4,801
Additions	0	81
Disposals	-19,670	0
Cost at 31 December 2022	593,575	4,882
Impairment losses at 1 January 2022	-14,965	0
Impairment losses disposals	14,965	0
Impairment losses at 31 December 2022	0	0
<b>Carrying amount at 31 December 2022</b>	<b>593,575</b>	<b>4,882</b>

Name	Registered office	Voting rights and ownership	Equity DKK'000	Profit/loss for the year DKK'000
Alfa Laval Aalborg Oy	Finland	100%	53,235	-8,236
Alfa Laval Nijmegen B.V.	Netherlands	100%	437,625	16,211
Alfa Laval Qingdao Ltd.	China	100%	665,597	105,248
Alfa Laval Aalborg Indústria e Comércio Ltda.	Brazil	99.5%	65,045	10,653
Alfa Laval Aalborg Pty Ltd.	Australia	100%	0	0

DKK'000	2022	2021
<b>13 Contract work in progress</b>		
Selling price of work in progress	419,486	473,555
Progress billing regarding work in progress	-421,808	-481,638
	<b>-2,322</b>	<b>-8,083</b>
Recognised as follows		
Contract assets, selling price of contracts	102,447	90,571
Contract liabilities, prepayments	-104,769	-98,654
	<b>-2,322</b>	<b>-8,083</b>

#### 14 Share capital

The share capital has remained unchanged for the past 5 financial years.

All shares rank equally. The share capital consists of 2,560,972 shares of DKK 100 each.



## Financial statements 1 January – 31 December

### Notes

DKK'000	2022	2021
<b>15 Deferred tax asset</b>		
Deferred tax at 1 January	-8,232	-8,402
Deferred tax adjustment for the year	34,060	-1,206
Tax on equity transactions	7,056	1,376
<b>Deferred tax asset at 31 December</b>	<u>32,884</u>	<u>-8,232</u>
Provision for deferred tax can be specified as follows:		
Intangible assets	-1,566	-2,088
Property, plant and equipment	820	-1,569
Right of use and leasing obligation	1,460	1,157
Receivables	-2,279	-8,418
Equity	3,252	-3,804
Provisions	31,121	6,414
Tax losses	76	76
<b>Deferred tax asset at 31 December</b>	<u>32,884</u>	<u>-8,232</u>
<b>16 Warranty commitments</b>		
Warranties at 1 January	69,699	60,926
Used during the year	-46,446	-52,838
Reversal	-2,500	0
Provision for the year	51,053	61,611
<b>Other provisions at 31 December</b>	<u>71,806</u>	<u>69,699</u>
Warranties comprise liabilities related to the normal 2-year warranty.		
<b>17 Provisions</b>		
Restructuring provisions at 1 January	0	0
Used during the year	0	0
Reversal	0	0
Provision for the year	69,213	0
<b>Restructuring provisions at 31 December</b>	<u>69,213</u>	<u>0</u>

In mid-December 2022, Alfa Laval announced a decision to carry out, namely an internal merger of two departments within the Marine activity, as well as a scaling down of the production of boilers, E-Power-Packs and assembly of PureBallast at the factory in Aalborg. The production of the latter will be carried out by other companies in the Alfa Laval Group going forward. In connection with the publication of the restructuring plan, management has drawn up a structured/detailed plan for how restructuring is expected to be carried out. As of 31 December 2022, provisions totaling DKK 69,213 thousand have been made, which include severance pay, salaries for redundant employees, contractual obligations, including leases with re-establishment costs when vacating leases, rent/leasing of operating assets, external and internal costs for clearing premises, costs for contracts that become loss-making, external advisors etc.





## Financial statements 1 January – 31 December

### Notes

DKK'000	2022	2021
<b>17 Provisions</b>		
Provisions on contract work at 1 January	0	0
Used during the year	0	0
Reversal	0	0
Provision for the year	35,632	0
<b>Provisions on contract work at 31 December</b>	<b>35,632</b>	<b>0</b>
Other provisions at 1 January	21,000	21,743
Used during the year	0	-7,714
Reversal	-1,200	-3,229
Provision for the year	0	10,200
<b>Other provisions at 31 December</b>	<b>19,800</b>	<b>21,000</b>

Alfa Laval Aalborg A/S is party to a few disputes. At 31 December 2022, DKK 6.000 thousand has been recognised based on Management's assessment of the potential outcome of the disputes. The outcome is subject to material uncertainty, and the amount may be adjusted later on.

### 18 Leasing obligation, right of use

DKK'000	2022			2021		
	Lease payment	Interest	Carrying amount	Lease payment	Interest	Carrying amount
0 – 1 years	10,576	-4,013	6,563	13,150	-4,023	9,127
1 – 5 years	36,207	-14,146	22,061	36,714	-14,139	22,575
< 5 years	139,788	-29,954	109,834	141,280	-31,707	109,573
	<b>186,571</b>	<b>-48,113</b>	<b>138,458</b>	<b>191,144</b>	<b>-49,869</b>	<b>141,275</b>

### 19 Liabilities other than provisions

The intra-group loan falls due for payment in 2023 and has therefore been presented as short-term debt. Management expects that a large part of the loan will be extended.



## Financial statements 1 January – 31 December

### Notes

#### 20 Contractual obligations and contingencies, etc.

##### Operating lease commitments

Remaining undiscounted operating lease commitments at the balance sheet date fall due within 4 years at an amount of DKK 145 thousand (2021: DKK 133 thousand).

##### Contingent liabilities

The company is jointly taxed with its Danish group entities. The Company has unlimited joint and several liability, together with the group entities, for payment of Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation group. Any subsequent corrections of income subject to joint taxation and withholding taxes, etc., may entail that the entities' liability will increase. The Group as a whole is not liable to any third parties

#### 21 Currency and interest rate risks and use of derivative financial instruments

The Company uses hedging instruments such as forward exchange contracts and interest and currency swaps to hedge recognised and non-recognised transactions.

##### Recognised transactions

Hedging of recognised transactions primarily includes receivables and payables denominated in foreign currencies.



## Financial statements 1 January – 31 December

### Notes

#### 21 Currency and interest rate risks and use of derivative financial instruments (continued)

##### Currency risks

Currency	Payment/ maturity	2022			
		Receivables	Payables	Hedged by forward exchange contracts and currency swaps	Net position
		DKK'000	DKK'000	DKK'000	DKK'000
USD	0-12 months	191,411	-13,074	-143,382	34,955
	> 12 months	0	-380	499	119
CNY	0-12 months	0	-53,124	55,975	2,851
	> 12 months	0	-90,629	78,612	-12,017
SEK	0-12 months	212	-2,156	0	-1,944
	> 12 months	0	0	0	0
JPY	0-12 months	0	-355	0	-355
	> 12 months	0	0	0	0
NOK	0-12 months	0	-5	0	-5
	> 12 months	0	0	0	0
GBP	0-12 months	1,132	-403	0	729
	> 12 months	0	0	0	0
SGD	0-12 months	439	-4,215	0	-3,776
	> 12 months	0	0	0	0
EUR	0-12 months	281,446	-105,333	-52,285	123,828
	> 12 months	0	0	0	0
		<u>474,640</u>	<u>-269,674</u>	<u>-60,581</u>	<u>144,385</u>





## Financial statements 1 January – 31 December

### Notes

#### 21 Currency and interest rate risks and use of derivative financial instruments (continued)

##### Forecast transactions

The Company primarily hedges exchange rate risks relating to sale and purchases of goods in USD and CNY.

DKK'000	Time to maturity	Contractual value		Accumulated gains and losses recognised in equity at 31 December (fair value)	
		2022	2021	2022	2021
Forward exchange contracts	0-12 months	273,435	196,615	-14,827	10,519
	> 12 months	395,792	235,278	46	6,773
		<u>669,227</u>	<u>431,893</u>	<u>-14,781</u>	<u>17,292</u>

##### Interest rate risks

Loans from the parent company of DKK 121,139 thousand carry variable interest.

#### 22 Related parties

##### Control

Alfa Laval Corporate AB, Rudeboksvägen 1, Lund, Sweden, reg. no. 556007-7785.

Alfa Laval Corporate AB, Rudeboksvägen 1, Lund, Sweden holds the share capital in the Company.

Related parties also include Management, subsidiaries and consolidated entities in the Alfa Laval Group.

Alfa Laval Aalborg A/S is included in the consolidated financial statements of Alfa Laval AB, Sweden, which is the largest and smallest group in which the Company is a subsidiary. The consolidated accounts of Alfa Laval AB is available on <https://www.alfalaval.com/investors/>

##### Related party transactions

DKK'000	2022		2021	
	Sales	Purchases	Sales	Purchases
Goods and services	1,702,682	563,162	1,778,197	456,753
Management fees and cost allocation	26,252	138,662	23,241	161,020
License fees and costs related to intellectual property rights	0	948	0	1,048
Interest on loans	0	1,800	0	4,062
	<u>1,728,934</u>	<u>704,572</u>	<u>1,801,438</u>	<u>622,883</u>



## Financial statements 1 January – 31 December

### Notes

#### 23 Events after the balance sheet date

No significant events have occurred after the balance sheet date that may materially affect the assessment of the Company's financial position at 31 December 2022.