

## EXHAUSTO A/S

Odensevej 76, 5550 Langeskov

CVR no. 18 68 37 41

## Annual report 2023

Approved at the Company's annual general meeting on 18 June 2024

Chair of the meeting:



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Mads Rosenmeier

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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of EXHAUSTO A/S for the financial year 1 January - 31 December 2023.

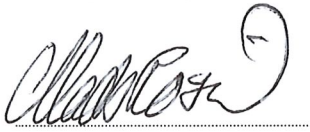
The annual report is prepared in accordance with the Danish Financial Statements Act.

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.


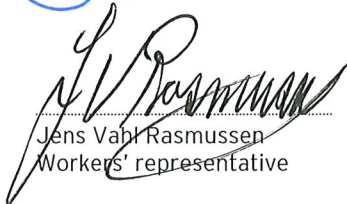
We recommend that the annual report be approved at the annual general meeting.

Langeskov, 18 June 2024  
Executive Board:



Mads Rosenmeier  
CEO

Board of Directors:

  
Stanislas Bruno Lacroix  
Chairman  
Pierre-Yves Nicolas Rollet  
Jean-Luc Philippe Alzonne  
Jens Vahl Rasmussen  
Workers' representative  
Lone Lindberg Carstensen  
Workers' representative

## Independent auditor's report

To the shareholders of EXHAUSTO A/S

### Opinion

We have audited the financial statements of EXHAUSTO 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 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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these 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 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 the financial statements.

## Independent auditor's report

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


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 Statement Act. We did not identify any material misstatement of the Management's review.

Odense, 18 June 2024  
EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

  
Søren Spiedegaard Hvid  
State Authorised Public Accountant  
mne31450

  
Torben Ahle Pedersen  
State Authorised Public Accountant  
mne16611

## Management's review

### Company details

Name	EXHAUSTO A/S
Address, Postal code, City	Odensevej 76, 5550 Langeskov
CVR no.	18 68 37 41
Established	4 August 1995
Registered office	Kerteminde
Financial year	1 January - 31 December
Board of Directors	Stanislas Bruno Lacroix, Chairman Pierre-Yves Nicolas Rollet Jean-Luc Philippe Alzonne Jens Vahl Rasmussen, Workers' representative Lone Lindberg Carstensen, Workers' representative
Executive Board	Mads Rosenmeier, CEO
Auditors	EY Godkendt Revisionspartnerselskab Cortex Park Vest 3, 5230 Odense M, Denmark

## Management's review

### Financial highlights

DKKm	2023	2022	2021	2020	2019
<b>Key figures</b>					
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	2	12	22	25	17
Operating profit/loss	-4	-5	4	4	-1
Net financials	6	6	4	-4	-5
Profit for the year	4	4	8	2	-6
<b>Balance sheet</b>					
Total assets	246	224	219	202	220
Investments in property, plant and equipment	42	1	1	1	6
Equity	155	152	150	141	139
<b>Financial ratios</b>					
Return on investment	-2.7%	-3.6%	2.9%	2.8%	-0.6%
Assets/Equity	1.6%	1.5%	1.4%	1.6%	1.4%
<b>Operational metrics</b>					
Average number of full-time employees	182	178	181	196	201

For terms and definitions, please see the accounting policies.

## Management's review

### Business review

EXHAUSTO A/S is a subsidiary of Aldes Aéraulique SAS, and its principal activities comprise development, manufacturing, marketing and selling of ventilation solutions. The EXHAUSTO Group was acquired by Aldes on June 30, 2016.

### Financial review

The result for the year after tax was 3,8 MDKK (compared to 3,5 MDKK in 2022).

The result for the year did not meet the expectations as stated in the 2022 Annual report. Main reason for that was a setback in the markets we serve due to lower activity in the construction sector. This resulted in a lower activity than expected and also a harder price competition. The net cash flow from operating activities and overall net cash flow was positive in 2023.

The result for the year is satisfactory, taking the situation on the markets into consideration.

### Knowledge resources

The Company is continuously considering the need to be able to attract, develop and retain employees with relevant levels of competence.

### Financial risks and use of financial instruments

#### *Currency, interest and credit risks*

The Company is exposed to currency risks, as a significant part of its transactions is in foreign currency and is affected by exchange rates and interest developments on these currencies. The activities comprise foreign subsidiaries, suppliers and customers. The Group only carries out transaction-based currency deposits. EXHAUSTO A/S is managing the group's financial risks centrally and coordinates the liquidity.

#### *General risks*

The Company's most significant risks relate to its ability to continue as a leading supplier of ventilation solutions to the markets in which the Company operates. Moreover, the Company is affected by the conditions in the construction sector.

### Management commentary

#### *Environmental and climate*

EXHAUSTO A/S has identified waste as material issues with a risk of having a negative impact on the environment. In 2023, to reduce the relative amount of the company's waste, EXHAUSTO A/S has continued its efforts to improve waste management. In 2023, we did not register any breaches with environmental legislative requirements.

Further, EXHAUSTO A/S has identified energy consumption related to the production of ventilation systems as well as the energy consumption related to actual use of the ventilation systems as areas with risks of having negative climate impact in terms of energy use and CO<sub>2</sub> emissions. In 2023, EXHAUSTO A/S continued working with energy optimization related to production as well as the end-use of products. In November 2023 EXHAUSTO A/S changed the heading in the production and administration in Langeskov from natural gas to district heating.



## **Management's review**

### **Research and development activities**

Research and development activities are done within EXHAUSTO A/S. The activities are primarily development of more environmentally ventilation systems to contribute to a better indoor air climate in buildings. The activities are expected to increase in the coming years.

### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### **Outlook**

The low activity in the construction sector will have a negative impact on the result in 2024. Prognoses show that the low activity will last all of 2024 but will go up again in 2025.

Management expects a lower revenue (5-10%) for 2024 than realized in 2023 and a result for the year below what was realised in 2023.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK'000	2023	2022
	<b>Gross profit</b>	107,213	114,110
2	Staff costs	-105,282	-101,828
	Amortisation/depreciation and impairment of intangible assets and plant and equipment	-5,628	-16,622
	<b>Profit/loss before net financials</b>	-3,697	-4,340
	Income from investments in group enterprises	9,488	7,014
3	Financial income	986	2,068
4	Financial expenses	-4,451	-2,754
	<b>Profit before tax</b>	2,326	1,988
5	Tax for the year	1,462	1,547
	<b>Profit for the year</b>	3,788	3,535

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>ASSETS</b>		
	<b>Fixed assets</b>		
7	<b>Intangible assets</b>		
	Completed development projects	8,746	4,164
	Patents and licences	0	167
	Development projects in progress and prepayments for intangible assets	5,046	5,273
		<u>13,792</u>	<u>9,604</u>
8	<b>Property, plant and equipment</b>		
	Plant and machinery	2,876	2,893
	Fixtures and fittings, other plant and equipment	3,655	3,970
	Tangible asset under construction	39,453	583
		<u>45,984</u>	<u>7,446</u>
9	<b>Investments</b>		
	Investments in group entities	70,632	62,285
	Receivables from group entities	0	21,608
		<u>70,632</u>	<u>83,893</u>
	<b>Total fixed assets</b>	<u>130,408</u>	<u>100,943</u>
	<b>Non-fixed assets</b>		
	<b>Inventories</b>		
	Raw materials and consumables	30,471	38,495
	Work in progress	1,641	2,130
	Finished goods and goods for resale	9,331	9,919
		<u>41,443</u>	<u>50,544</u>
10	<b>Receivables</b>		
	Trade receivables	19,239	27,765
	Receivables from group entities	36,961	20,856
12	<b>Deferred tax assets</b>	288	0
	Corporation tax receivable	1,168	1,111
	Other receivables	381	916
	Prepayments	1,111	958
		<u>59,148</u>	<u>51,606</u>
	<b>Cash</b>	<u>15,118</u>	<u>20,630</u>
	<b>Total non-fixed assets</b>	<u>115,709</u>	<u>122,780</u>
	<b>TOTAL ASSETS</b>	<u>246,117</u>	<u>223,723</u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	2023	2022
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
11	Share capital	22,222	22,222
	Reserve for development costs	10,757	7,361
	Translation reserve	-2,191	-1,050
	Hedging reserve	0	229
	Retained earnings	123,766	123,374
	<b>Total equity</b>	<b>154,554</b>	<b>152,136</b>
	<b>Provisions</b>		
12	Deferred tax	0	1,238
14	Other provisions	745	745
	<b>Total provisions</b>	<b>745</b>	<b>1,983</b>
	<b>Liabilities other than provisions</b>		
13	<b>Non-current liabilities other than provisions</b>		
	Lease liabilities	1,147	1,946
	Payables to group entities	9,399	7,558
		<b>10,546</b>	<b>9,504</b>
	<b>Current liabilities other than provisions</b>		
13	Short-term part of long-term liabilities other than provisions	798	818
	Prepayments received from customers	0	149
	Trade payables	54,441	43,288
	Payables to group entities	9,231	0
	Other payables	14,675	13,844
	Deferred income	1,127	2,001
		<b>80,272</b>	<b>60,100</b>
	<b>Total liabilities other than provisions</b>	<b>90,818</b>	<b>69,604</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>246,117</b>	<b>223,723</b>
1	Accounting policies		
6	Appropriation of profit		
16	Contractual obligations and contingencies, etc.		
17	Security and collateral		
18	Related parties		

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Share capital	Reserve for development costs	Translation reserve	Hedging reserve	Retained earnings	Total
	Equity at 1 January 2022	22,222	8,103	299	-199	119,097	149,522
6	Transfer, see "Appropriation of profit"	0	0	0	0	3,535	3,535
	Currency translation of foreign entity	0	0	-1,349	0	0	-1,349
	Value adjustment of hedging transactions	0	0	0	549	0	549
	Capitalised development costs	0	5,273	0	0	-5,273	0
	Amortisation of development costs	0	-6,224	0	0	6,224	0
	Tax on equity transactions	0	209	0	-121	-209	-121
	Equity at 1 January 2023	22,222	7,361	-1,050	229	123,374	152,136
6	Transfer, see "Appropriation of profit"	0	0	0	0	3,788	3,788
	Currency translation of foreign entity	0	0	-1,141	0	0	-1,141
	Value adjustment of hedging transactions	0	0	0	-293	0	-293
	Capitalised development costs	0	7,872	0	0	-7,872	0
	Amortisation of development costs	0	-3,518	0	0	3,518	0
	Tax on equity transactions	0	-958	0	64	958	64
	Equity at 31 December 2023	22,222	10,757	-2,191	0	123,766	154,554

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of EXHAUSTO A/S for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements. The annual report of EXHAUSTO A/S and its subsidiary is included in the Consolidated Financial Statements of Aldes Aéraulique SAS.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

A change has been made to the classification of salaries and wages relating to development costs in the income statement, which are then included under revenue as " Work performed for own account and capitalised ", against previous offsetting in Staff costs. The change does not affect the profit for the year, total assets and equity. The comparison figures for 2022 have been adjusted.

#### Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

#### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. 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.

#### Public grants

Grants to acquire assets are recognised as a cut off item and are taken to income as the asset to which the grant relates is amortised.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income statement

###### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on incoterms® 2020.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

In so far as customers are offered a right of return in connection with a sale, revenue corresponding to the Company's experience with returns is recognised until the return period has expired.

###### Gross profit

The items revenue, cost of sales, change in inventories of finished goods and work in progress, work performed for own account and capitalised, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

###### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

###### Raw materials and consumables

Raw materials and consumables include expenses relating to raw materials and consumables used in generating the year's revenue.

###### Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

###### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	2-10 years
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Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 10 years.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	5-10 years
Fixtures and fittings, other plant and equipment	3-5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Balance sheet

##### Intangible assets

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 2-5 years and cannot exceed 10 years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight line basis over the remaining term of the patent, and licences are amortised over the term of the licence, but not exceeding 10 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

##### Property, plant and equipment

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

##### Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

##### Investments in group entities

Equity investments in subsidiaries are measured according to the equity method.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Investments in subsidiaries are measured at the proportionate share of the entities' net asset value calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the purchase method of accounting.

Positive differences (goodwill) between the cost price and the fair value of identifiable assets and liabilities, including the value of the value of the assets and liabilities incl. the amount of restructuring liabilities is recognised under investments in subsidiaries and is written off over the estimated financial useful life determined on the basis of management's experience in each business area. The depreciation period is a maximum of 15 years and is the longest for strategically acquired companies with significant market power and long earnings profile. The carrying amount of goodwill is assessed on an ongoing basis and is written down above the profit and loss account in cases where the carrying amount exceeds the expected future net income from the business or activity to which goodwill is linked.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down in so far as the amount receivable is considered irrecoverable. If the Parent Company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity where the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be declared before the annual report of Exhausto A/S is adopted are not taken to the net revaluation reserve.

#### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in group entities is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and indirect production overheads.

Indirect production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost price.

##### Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

##### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Equity

###### *Reserve for development costs*

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

###### *Translation reserve*

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in group entities and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

###### *Hedging reserve*

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

###### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

##### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

##### Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before net financials +/- Other operating income and other operating expenses
Return on investment	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Average assets excl. financial assets}}$
Assets/Equity	$\frac{\text{Assets}}{\text{Equity}}$

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022
<b>2 Staff costs</b>		
Wages/salaries	95,165	92,300
Pensions	7,889	7,136
Other social security costs	2,228	2,392
	<u>105,282</u>	<u>101,828</u>
Average number of full-time employees	<u>182</u>	<u>178</u>
Staff costs include salary and remuneration of DKK 2,169 thousand to the Company's Executive Board and to the Board of Directors (2022: DKK 2,061 thousand).		
DKK'000	2023	2022
<b>3 Financial income</b>		
Interest receivable, group entities	736	233
Exchange adjustments	158	1,756
Other financial income	92	79
	<u>986</u>	<u>2,068</u>
<b>4 Financial expenses</b>		
Interest expenses, group entities	439	121
Exchange adjustments	3,548	2,154
Other financial expenses	464	479
	<u>4,451</u>	<u>2,754</u>
<b>5 Tax for the year</b>		
Estimated tax charge for the year	0	145
Deferred tax adjustments in the year	-1,462	-1,692
	<u>-1,462</u>	<u>-1,547</u>
<b>6 Appropriation of profit</b>		
<b>Recommended appropriation of profit</b>		
Retained earnings	<u>3,788</u>	<u>3,535</u>
	<u>3,788</u>	<u>3,535</u>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK'000	Completed development projects	Patents and licences	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2023	47,713	84,293	5,273	137,279
Additions	8,100	0	7,873	15,973
Disposals	0	0	-8,100	-8,100
Cost at 31 December 2023	55,813	84,293	5,046	145,152
Impairment losses and amortisation at 1 January 2023	43,549	84,126	0	127,675
Amortisation for the year	3,518	167	0	3,685
Impairment losses and amortisation at 31 December 2023	47,067	84,293	0	131,360
<b>Carrying amount at 31 December 2023</b>	<b>8,746</b>	<b>0</b>	<b>5,046</b>	<b>13,792</b>
Amortised over	2-10 years	10 years		

#### Completed development projects and development projects in progress

Based on the current development projects the company expects an increase in activities and profits during the coming years.

Management has not identified any evidence of impairment relative to the carrying amount.



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 8 Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Tangible assest under construction	Total
Cost at 1 January 2023	64,430	39,735	583	104,748
Reclassification	-837	848	0	11
Additions	0	1,612	40,482	42,094
Disposals	0	0	-1,612	-1,612
Cost at 31 December 2023	63,593	42,195	39,453	145,241
Impairment losses and depreciation at 1 January 2023	61,537	35,765	0	97,302
Reclassification	-2,065	2,076	0	11
Depreciation	1,245	699	0	1,944
Impairment losses and depreciation at 31 December 2023	60,717	38,540	0	99,257
<b>Carrying amount at 31 December 2023</b>	<b>2,876</b>	<b>3,655</b>	<b>39,453</b>	<b>45,984</b>
Property, plant and equipment include finance leases with a carrying amount totalling	1,699	0	0	1,699
Depreciated over	5-10 years	3-5 years		

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Investments

DKK'000	Investments in group entities	Receivables from group entities	Total
Cost at 1 January 2023	88,863	21,608	110,471
Disposals	0	-21,608	-21,608
Cost at 31 December 2023	88,863	0	88,863
Value adjustments at 1 January 2023	-26,578	0	-26,578
Foreign exchange adjustments	-1,141	0	-1,141
Profit/loss for the year	15,041	0	15,041
Goodwill, amortisation for the year	-5,553	0	-5,553
Value adjustments at 31 December 2023	-18,231	0	-18,231
<b>Carrying amount at 31 December 2023</b>	<b>70,632</b>	<b>0</b>	<b>70,632</b>

The carrying amount of group entities comprises a share of the entities' net asset value, TDKK 43,622 (2022 amount TDKK 29,722), goodwill at a carrying amount of TDKK 27,010 (2022 amount TDKK 32,563).

#### Group entities

Name	Legal form	Domicile	Interest
EXHAUSTO AB	AB	Sweden	100%
EXHAUSTO AS	AS	Norway	100%
NOVEMA AGGREGATER AS	AS	Norway	100%
EXHAUSTO by Aldes GmbH	GmbH	Germany	100%

#### 10 Receivables

There is no portion falling due for payment after one year after the financial year-end

DKK'000	2023	2022
<b>11 Share capital</b>		
Analysis of the share capital:		
22,222,222 A shares of DKK 1.00 nominal value each	22,222	22,222
	<u>22,222</u>	<u>22,222</u>

The Company's share capital has remained DKK 22,222 thousand over the past 5 years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	2023	2022
<b>12 Deferred tax</b>		
Deferred tax at 1 January	1,238	2,810
Deferred tax adjustment for the year	-1,462	-1,693
Tax on equity transactions	-64	121
<b>Deferred tax at 31 December</b>	<b>-288</b>	<b>1,238</b>
Deferred tax relates to:		
Intangible assets	2,957	2,061
Property, plant and equipment	55	-131
Inventories	-1,577	-1,165
Provisions	375	0
Liabilities	0	473
Tax loss	-2,098	0
	-288	1,238

Tax asset valuation is based on forecasts for the next 3 years.

### 13 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Lease liabilities	1,945	798	1,147	0
Payables to group entities	9,399	0	9,399	0
	11,344	798	10,546	0

### 14 Other provisions

Other provisions comprise warranty commitments related to the Company's usual warranty commitment. The provisions are expected to due within the next year.

### 15 Derivative financial instruments

#### Forecast transactions

The Company uses forward exchange contracts to hedge expected currency risks relating to sale and purchase of goods in the coming year.

At 31 December 2023 there are no forward exchange contracts.

## Financial statements 1 January - 31 December

### Notes to the financial statements

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

##### Other financial obligations

Other rent and lease liabilities:

DKK'000	2023	2022
Rent and lease liabilities	49,758	52,183

Rent and lease liabilities include a rent obligation totalling DKK 43,441 thousand in interminable rent agreements with remaining contract terms of 5-6 years. Furthermore, the Company has liabilities under operating leases for cars, machinery and equipment, totalling DKK 6,317 thousand, with remaining contract terms of 1-5 years.

#### 17 Security and collateral

The company has provided bank guarantees regarding commercial premises leases etc. The guarantees amount to a total of DKK 3.9 million

#### 18 Related parties

##### Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Aldes SAS	France	www.cvr.dk

##### Related party transactions

EXHAUSTO A/S was engaged in the below related party transactions:

DKK'000	2023	2022
Sale of goods to group entities	158,743	140,867
Sale of services to group entities	1,357	9,251
Purchase of goods from group entities	8,481	6,102
Management fees to group entities	15,723	12,595
Dividend from group entities	0	7,790
Interest income from group entities	736	233
Interest expenses to group entities	439	121
Receivables from group entities	36,961	42,465
Payables to group entities	18,630	7,558

##### Information on the remuneration to management

Information on the remuneration to Management appears from note 2, "Staff costs".

##### Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Aldes SAS	20 Boulevard Joliot-Curie, 69694 Vénissieux cedex, France.