
Vestjysk Hydraulik Holding A/S

Glarmestervej 5, DK-6710 Esbjerg V

Annual Report for
1 October 2022 - 30 September 2023

CVR No. 20 15 39 89

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 22/2 2024

Peter Mikael Ringtved
Chairman of the
general meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	5
Group Chart	6
Financial Highlights	7
Management's Review	8
Financial Statements	
Income Statement 1 October - 30 September	9
Balance sheet 30 September	10
Statement of changes in equity	14
Cash Flow Statement 1 October - 30 September	15
Notes to the Financial Statements	16

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Vestjysk Hydraulik Holding A/S for the financial year 1 October 2022 - 30 September 2023.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 September 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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

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

Esbjerg V, 22 February 2024

Executive Board

Jan Petersen

Board of Directors

Peter Mikael Ringtved
Chairman

Erik Gaj Nielsen

Jan Petersen

Independent Auditor's report

To the shareholder of Vestjysk Hydraulik Holding A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 October 2022 - 30 September 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Vestjysk Hydraulik Holding A/S for the financial year 1 October 2022 - 30 September 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of 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 Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Esbjerg, 22 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henning Tønder Olesen
State Authorised Public Accountant
mne27864

Company information

The Company	Vestjysk Hydraulik Holding A/S Garmestervej 5 DK-6710 Esbjerg V CVR No: 20 15 39 89 Financial period: 1 October 2022 - 30 September 2023 Incorporated: 1 June 1997 Financial year: 27th financial year Municipality of reg. office: Esbjerg
Board of Directors	Peter Mikael Ringtved, chairman Erik Gaj Nielsen Jan Petersen
Executive Board	Jan Petersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Esbjerg Brygge 28, 2. DK-6700 Esbjerg
Lawyers	Advokataktieselskabet Kirk Larsen & Ascanius Esbjerg Brygge 28 6700 Esbjerg

Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
Vestjysk Hydraulik Holding A/S	Esbjerg	
Group VH A/S	Esbjerg	100%
VH Ejendomme ApS	Esbjerg	100%
GVH Capital ApS	Esbjerg	100%
ESHVI Europe ApS	Esbjerg	100%
Madsens Maskinfabrik. Esbjerg ApS	Esbjerg	80%
Micron VH Limited*	Bradford	50%
Ocean Life A/S*	Esbjerg	25%

*Associated company

Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	Group	
	2022/23	2021/22
	TDKK	TDKK
Key figures		
Profit/loss		
Gross profit/loss	45,568	41,614
Profit/loss of ordinary primary operations	14,266	15,497
Profit/loss of financial income and expenses	108	-125
Net profit/loss	10,993	11,753
Balance sheet		
Balance sheet total	111,756	99,636
Investment in property, plant and equipment	4,280	2,967
Equity	74,211	64,501
Cash flows		
Cash flows from:		
- operating activities	10,239	13,130
- investing activities	-4,169	-11,520
- financing activities	-1,302	2,144
Change in cash and cash equivalents for the year	4,768	3,754
Number of employees	53	46
Ratios		
Return on assets	12.8%	15.6%
Solvency ratio	66.4%	64.7%
Return on equity	15.9%	19.9%

Management's review

Key activities

The Group's main activity consists of sale, construction and repair of hydraulic components and other related business.

Development in the year

The income statement of the Group for 2022/23 shows a profit of DKK 10,993,225, and at 30 September 2023 the balance sheet of the Group shows positive equity of DKK 74,210,625.

The past year and follow-up on development expectations from last year

The financial year has been characterized by continued positive development in the sale of hydraulic components and associated service activities. The result is considered very satisfactory and better than budgeted.

Targets and expectations for the year ahead

The Group's management expects an unchanged revenue level for 2023/24. The management also expects to be able to maintain the current level of earnings.

Research and development

The Group does not have significant expenses for research and development.

External environment

The Group is primarily a trading and service company and does not have any significant direct environmental impact. No events occurred in 2022/23 that affected the Group's external environment.

Intellectual capital resources

The Group's employees at all levels have, over decades, built up knowledge of hydraulic products, as well as ensuring efficient logistics and order handling of hydraulic components for customers.

The employees are the Group's most important resource, retention and recruitment are therefore of crucial importance for continued growth and earnings.

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 30 September 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022/23 have not been affected by any unusual events.

Subsequent events

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

Income statement 1 October 2022 - 30 September 2023

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Gross profit		45,568,137	41,613,530	-22,675	-247,625
Staff expenses	1	-28,638,604	-23,464,433	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-2,559,070	-2,652,580	0	0
Impairment of current assets		-88,250	0	-88,250	0
Other operating expenses		-16,532	0	0	0
Profit/loss before financial income and expenses		14,265,681	15,496,517	-110,925	-247,625
Income from investments in subsidiaries		0	0	10,371,425	11,109,848
Income from investments in associates		42,791	139,805	42,791	139,805
Financial income	2	426,629	854,969	730,481	680,389
Financial expenses	3	-361,364	-1,120,199	-215,928	-86,147
Profit/loss before tax		14,373,737	15,371,092	10,817,844	11,596,270
Tax on profit/loss for the year	4	-3,380,512	-3,618,580	-90,359	-127,143
Net profit/loss for the year	5	10,993,225	11,752,512	10,727,485	11,469,127

Balance sheet 30 September 2023

Assets

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Goodwill		4,828,572	5,794,286	0	0
Intangible assets	6	4,828,572	5,794,286	0	0
Land and buildings		24,520,712	23,177,799	0	0
Plant and machinery		696,727	785,543	0	0
Other fixtures and fittings, tools and equipment		1,294,154	1,024,345	0	0
Property, plant and equipment in progress		2,872,588	0	0	0
Prepayments for property, plant and equipment		0	1,900,000	0	0
Property, plant and equipment	7	29,384,181	26,887,687	0	0
Investments in subsidiaries	8	0	0	62,238,546	53,000,663
Investments in associates	9	442,101	399,310	442,101	399,310
Other receivables	10	308,384	228,840	0	0
Fixed asset investments		750,485	628,150	62,680,647	53,399,973
Fixed assets		34,963,238	33,310,123	62,680,647	53,399,973
Raw materials and consumables		38,621,354	31,896,283	0	0
Finished goods and goods for resale		361,405	390,655	0	0
Inventories		38,982,759	32,286,938	0	0

Balance sheet 30 September 2023

Assets

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Trade receivables		14,670,793	14,627,277	0	0
Contract work in progress	11	1,079,995	998,931	0	0
Receivables from group enterprises		0	0	13,089,145	12,440,374
Receivables from associates		426,942	416,884	426,942	416,884
Other receivables		2,138,116	3,214,476	514,010	600,266
Corporation tax receivable from group enterprises		0	0	3,320,482	3,516,942
Prepayments	12	68,102	63,161	0	0
Receivables		18,383,948	19,320,729	17,350,579	16,974,466
Current asset investment	13	438,343	497,529	0	0
Cash at bank and in hand		18,987,794	14,220,661	26,302	30,033
Current assets		76,792,844	66,325,857	17,376,881	17,004,499
Assets		111,756,082	99,635,980	80,057,528	70,404,472

Balance sheet 30 September 2023

Liabilities and equity

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Share capital		500,000	500,000	500,000	500,000
Reserve for net revaluation under the equity method		0	267,655	40,667,992	31,387,318
Retained earnings		72,384,885	62,389,745	31,716,893	31,270,082
Proposed dividend for the year		1,000,000	1,000,000	1,000,000	1,000,000
Equity attributable to shareholders of the Parent Company		73,884,885	64,157,400	73,884,885	64,157,400
Minority interests		325,740	343,385	0	0
Equity		74,210,625	64,500,785	73,884,885	64,157,400
Provision for deferred tax	14	2,602,000	2,561,000	0	0
Provisions		2,602,000	2,561,000	0	0
Mortgage loans		11,370,198	12,103,607	0	0
Other payables		496,993	496,993	0	0
Long-term debt	15	11,867,191	12,600,600	0	0

Balance sheet 30 September 2023

Liabilities and equity

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Mortgage loans	15	736,905	742,684	0	0
Credit institutions		2,675,770	1,951,435	0	0
Prepayments received from customers		853,509	623,509	0	0
Trade payables		9,623,635	8,549,386	0	0
Contract work in progress	11	0	370,470	0	0
Payables to group enterprises		0	0	2,853,676	2,824,987
Corporation tax		3,235,973	3,190,469	3,235,973	3,190,469
Payables to group enterprises relating to corporation tax		0	0	72,994	221,616
Deposits		88,500	30,000	0	0
Other payables	15	5,841,974	4,505,642	10,000	10,000
Deferred income	16	20,000	10,000	0	0
Short-term debt		23,076,266	19,973,595	6,172,643	6,247,072
Debt		34,943,457	32,574,195	6,172,643	6,247,072
Liabilities and equity		111,756,082	99,635,980	80,057,528	70,404,472
Contingent assets, liabilities and other financial obligations	19				
Related parties	20				
Subsequent events	21				
Accounting Policies	22				

Statement of changes in equity

Group

	Share capital	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 October	500,000	62,657,400	1,000,000	64,157,400	343,385	64,500,785
Ordinary dividend paid	0	0	-1,000,000	-1,000,000	-283,385	-1,283,385
Net profit/loss for the year	0	9,727,485	1,000,000	10,727,485	265,740	10,993,225
Equity at 30 September	500,000	72,384,885	1,000,000	73,884,885	325,740	74,210,625

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 October	500,000	31,387,318	31,270,082	1,000,000	64,157,400
Ordinary dividend paid	0	0	0	-1,000,000	-1,000,000
Net profit/loss for the year	0	9,280,674	446,811	1,000,000	10,727,485
Equity at 30 September	500,000	40,667,992	31,716,893	1,000,000	73,884,885

Cash flow statement 1 October 2022 - 30 September 2023

	Note	Group	
		2022/23 DKK	2021/22 DKK
Result of the year		10,993,225	11,752,512
Adjustments	17	5,831,526	6,396,585
Change in working capital	18	-3,420,429	-4,709,620
Cash flow from operations before financial items		13,404,322	13,439,477
Financial income		426,629	854,969
Financial expenses		-297,778	-650,215
Cash flows from ordinary activities		13,533,173	13,644,231
Corporation tax paid		-3,294,008	-514,474
Cash flows from operating activities		10,239,165	13,129,757
Purchase of intangible assets		0	-6,760,000
Purchase of property, plant and equipment		-4,279,850	-4,635,017
Fixed asset investments made etc		-79,544	0
Sale of property, plant and equipment		190,000	3,000
Business acquisition		0	-127,500
Cash flows from investing activities		-4,169,394	-11,519,517
Repayment of mortgage loans		-743,178	-778,656
Raising of mortgage loans		0	3,092,000
Raising of loans from credit institutions		724,335	273,378
Raising of other long-term debt		0	496,993
Other equity entries		0	60,000
Dividend paid		-1,283,385	-1,000,000
Cash flows from financing activities		-1,302,228	2,143,715
Change in cash and cash equivalents		4,767,543	3,753,955
Cash and cash equivalents at 1 October		14,718,190	11,431,488
Exchange adjustment of current asset investments		-59,596	-467,253
Cash and cash equivalents at 30 September		19,426,137	14,718,190
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		18,987,794	14,220,661
Current asset investments		438,343	497,529
Cash and cash equivalents at 30 September		19,426,137	14,718,190

Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
1. Staff Expenses				
Wages and salaries	25,798,311	21,161,832	0	0
Pensions	1,704,685	1,400,302	0	0
Other social security expenses	532,626	427,778	0	0
Other staff expenses	602,982	474,521	0	0
	28,638,604	23,464,433	0	0
Including remuneration to the Executive Board and Board of Directors	754,160	747,877	0	0
Average number of employees	53	46	0	0

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
2. Financial income				
Interest received from group enterprises	0	0	695,398	667,549
Other financial income	71,601	20,653	25,025	7,401
Exchange gains	355,028	834,316	10,058	5,439
	426,629	854,969	730,481	680,389

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
3. Financial expenses				
Interest paid to group enterprises	0	0	208,988	81,697
Other financial expenses	275,996	749,498	6,940	4,450
Exchange loss	85,368	370,701	0	0
	361,364	1,120,199	215,928	86,147

Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
4. Income tax expense				
Current tax for the year	3,339,512	3,423,640	90,359	127,143
Deferred tax for the year	41,000	194,940	0	0
	3,380,512	3,618,580	90,359	127,143

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
5. Profit allocation				
Proposed dividend for the year	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for net revaluation under the equity method	0	139,805	9,280,674	3,249,653
Minority interests' share of net profit/loss of subsidiaries	265,740	283,385	0	0
Retained earnings	9,727,485	10,329,322	446,811	7,219,474
	10,993,225	11,752,512	10,727,485	11,469,127

6. Intangible fixed assets

Group

	Goodwill
	DKK
Cost at 1 October	6,760,000
Cost at 30 September	6,760,000
Impairment losses and amortisation at 1 October	965,714
Amortisation for the year	965,714
Impairment losses and amortisation at 30 September	1,931,428
Carrying amount at 30 September	4,828,572

Notes to the Financial Statements

7. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Prepayments for property, plant and equipment
	DKK	DKK	DKK	DKK	DKK
Cost at 1 October	31,752,730	8,280,934	6,434,457	107,897	1,900,000
Additions for the year	376,968	186,711	951,483	2,764,691	0
Disposals for the year	0	0	-299,998	0	0
Transfers for the year	1,900,000	0	0	0	-1,900,000
Cost at 30 September	34,029,698	8,467,645	7,085,942	2,872,588	0
Impairment losses and depreciation at 1 October	8,682,829	7,495,391	5,410,112	0	0
Depreciation for the year	826,157	275,527	606,676	0	0
Reversal of impairment and depreciation of sold assets	0	0	-225,000	0	0
Impairment losses and depreciation at 30 September	9,508,986	7,770,918	5,791,788	0	0
Carrying amount at 30 September	24,520,712	696,727	1,294,154	2,872,588	0

Notes to the Financial Statements

	Parent company	
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
8. Investments in subsidiaries		
Cost at 1 October	21,881,000	11,831,000
Additions for the year	<u>0</u>	<u>10,050,000</u>
Cost at 30 September	<u>21,881,000</u>	<u>21,881,000</u>
Value adjustments at 1 October	31,119,663	28,009,815
Net profit/loss for the year	11,337,139	12,075,562
Dividend to the Parent Company	-1,133,542	-8,000,000
Amortisation of goodwill	<u>-965,714</u>	<u>-965,714</u>
Value adjustments at 30 September	<u>40,357,546</u>	<u>31,119,663</u>
Carrying amount at 30 September	<u>62,238,546</u>	<u>53,000,663</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Group VH A/S	Esbjerg	DKK 500.000	100%
VH Ejendomme ApS	Esbjerg	DKK 125.000	100%
GVH Capital ApS	Esbjerg	DKK 50.000	100%
ESHVI Europe ApS	Esbjerg	DKK 50.000	100%
Madsens Maskinfabrik. Esbjerg ApS	Esbjerg	DKK 300.000	80%

Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
9. Investments in associated companies				
Cost at 1 October	131,655	4,155	131,655	4,155
Additions for the year	0	127,500	0	127,500
Cost at 30 September	131,655	131,655	131,655	131,655
Value adjustments at 1 October	267,655	127,850	267,655	127,850
Net profit/loss for the year	42,791	139,805	42,791	139,805
Value adjustments at 30 September	310,446	267,655	310,446	267,655
Carrying amount at 30 September	442,101	399,310	442,101	399,310

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
Micron VH Limited	Bradford	GBP 500	50%
Ocean Life A/S	Esbjerg	DKK 500.000	25%

10. Other fixed asset investments

Group

	Other receivables
	DKK
Cost at 1 October	228,840
Additions for the year	79,544
Cost at 30 September	308,384
Carrying amount at 30 September	308,384

Notes to the Financial Statements

Group		Parent company	
2022/23	2021/22	2022/23	2021/22
DKK	DKK	DKK	DKK

11. Contract work in progress

Contract work in progress is recognised in the balance sheet as follows:

Contract work in progress recognised in assets	1,079,995	998,931	0	0
Prepayments received recognised in debt	0	-370,470	0	0
	1,079,995	628,461	0	0

12. Prepayments

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

13. Fair values

	Value adjustment, income statement	Fair value at 30. September
	DKK	DKK
Group		
Listed securities	-59,596	436,903

Group		Parent company	
2022/23	2021/22	2022/23	2021/22
DKK	DKK	DKK	DKK

14. Provision for deferred tax

Deferred tax liabilities at 1 October	2,561,000	2,366,060	0	0
Amounts recognised in the income statement for the year	41,000	194,940	0	0
Deferred tax liabilities at 30 September	2,602,000	2,561,000	0	0

Notes to the Financial Statements

15. Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent company	
	2022/23 DKK	2021/22 DKK	2022/23 DKK	2021/22 DKK
Mortgage loans				
After 5 years	8,889,748	9,534,423	0	0
Between 1 and 5 years	2,480,450	2,569,184	0	0
Long-term part	11,370,198	12,103,607	0	0
Within 1 year	736,905	742,684	0	0
	12,107,103	12,846,291	0	0
Other payables				
After 5 years	496,993	496,993	0	0
Long-term part	496,993	496,993	0	0
Other short-term payables	5,841,974	4,505,642	10,000	10,000
	6,338,967	5,002,635	10,000	10,000

16. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	Group	
	2022/23 DKK	2021/22 DKK
Financial income	-426,629	-854,969
Financial expenses	361,364	1,120,199
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,559,070	2,652,580
Income from investments in associates	-42,791	-139,805
Tax on profit/loss for the year	3,380,512	3,618,580
	5,831,526	6,396,585

17. Cash flow statement - Adjustments

Financial income	-426,629	-854,969
Financial expenses	361,364	1,120,199
Depreciation, amortisation and impairment losses, including losses and gains on sales	2,559,070	2,652,580
Income from investments in associates	-42,791	-139,805
Tax on profit/loss for the year	3,380,512	3,618,580
	5,831,526	6,396,585

Notes to the Financial Statements

	<u>Group</u>	
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
18. Cash flow statement - Change in working capital		
Change in inventories	-6,695,821	-3,613,615
Change in receivables	936,781	-7,478,357
Change in trade payables, etc	2,338,611	6,382,352
	<u>-3,420,429</u>	<u>-4,709,620</u>

	<u>Group</u>		<u>Parent company</u>	
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK	DKK	DKK

19. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount of	22,528,947	20,362,094	0	0
--	------------	------------	---	---

The following assets have been placed as security with bankers:

Deeds of indemnity to the value of TDKK 9,000 with security in land and buildings with a carrying amount of	19,451,836	18,933,890	0	0
Securities and bank deposits with a carrying amount of	1,088,487	1,145,565	0	0
	0	0	0	0

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	341,424	341,424	0	0
Between 1 and 5 years	882,039	1,223,463	0	0
	<u>1,223,463</u>	<u>1,564,887</u>	<u>0</u>	<u>0</u>

Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	180,000	180,000	0	0
--	---------	---------	---	---

Notes to the Financial Statements

Other contingent liabilities

The parent company has provided an unlimited self-debtor surety towards the subsidiaries Group VH A/S, GVH Capital ApS, ESHVI Europe ApS, Madsens Maskinfabrik Esbjerg ApS and the associated company Ocean Life A/S's total balance with the bank.

The parent company has submitted a statement of support to the subsidiaries ESHVI Europe ApS and GVH Capital ApS.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Group's liability.

20. Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

21. Subsequent events

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

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Vestjysk Hydraulik Holding A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The company has moved from reporting class B to reporting class C (medium). This has no effect on the income statement or the balance sheet.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in DKK.

Recognition and measurement

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

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

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

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

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Vestjysk Hydraulik Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Notes to the Financial Statements

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through before 1 July 2018

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

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

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

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

Notes to the Financial Statements

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

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables, production wages and other external expenses.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Notes to the Financial Statements

Income from investments in subsidiaries and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

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

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 7 years, determined on the basis of Management’s experience with the individual business areas.

Property, plant and equipment

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

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

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

Production buildings	20-40 years
Other buildings	20-50 years
Plant and machinery	4-10 years
Other fixtures and fittings, tools and equipment	4-5 years

The fixed assets’ residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

Investments in subsidiaries and associates

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

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

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

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

Other fixed asset investments

Other fixed asset investments consist of other receivables.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

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

The cost of goods for resale, raw materials and consumables equals landed cost.

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

Receivables

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

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Notes to the Financial Statements

Prepayments

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

Current Asset Investments

Current Asset Investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Current asset investments". "Current asset investments" consist of short-term securities with an insignificant risk of value changes that can readily be turned into cash.

The cash flow statement cannot be immediately derived from the published financial records.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$