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Sulzer Pumps Denmark A/S

Farum Gydevej 89, 3520 Farum

Company reg. no. 24 03 05 12

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 25 April 2024.

DocuSigned by:

Alessandro Bertuzzo

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Alessandro Bertuzzo
Chairman of the meeting

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Notes:

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

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Sulzer Pumps Denmark A/S for the financial year 1 January - 31 December 2023.

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

We consider the chosen accounting policy to be appropriate, and in our opinion, the 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 true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Farum, 25 April 2024


Managing Director

DocuSigned by:


Ove Fjordmand
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Board of directors


Alessandro Bertuzzo

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Ingo Begner

DocuSigned by:

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John Anders Engström

DocuSigned by:

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The independent practitioner's report

To the Shareholder of Sulzer Pumps Denmark A/S

Opinion

We have performed an extended review of the financial statements of Sulzer Pumps Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position 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 extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the extended review of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 extended review of the Financial Statements

Our responsibility is to express a opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The independent practitioner's report

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

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 opinion thereon.

In connection with our extended review 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 extended review, or otherwise appears to be materially misstated.

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

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

Copenhagen, 25 April 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Peter Birk Stokholm

State Authorised Public Accountant
mne48468

Company information

The company

Sulzer Pumps Denmark A/S
Farum Gydevej 89
3520 Farum

Company reg. no. 24 03 05 12
Established: 6 December 1968
Financial year: 1 January - 31 December

Board of directors

Alessandro Bertuzzo
Ingo Begner
John Anders Engström

Managing Director

Ove Fjordmand

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Bankers

Nordea Bank Danmark A/S

Management's review

The principal activities of the company

The principal activities of the company are sales and installation of pumps.

Development in activities and financial matters

Income or loss from ordinary activities after tax totals DKK -158.751 against DKK -5.059.823 last year. Management considers the net loss for the year expected.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	13.180.349	7.219.827
1 Staff costs	-12.478.837	-10.905.555
Depreciation and impairment of non-current assets	-688.209	-609.761
Operating profit	13.303	-4.295.489
Other financial income	164.552	13.384
2 Other financial expenses	-336.606	-80.892
Pre-tax net profit or loss	-158.751	-4.362.997
3 Tax on net profit or loss for the year	0	-696.826
Net profit or loss for the year	-158.751	-5.059.823
Proposed distribution of net profit:		
Allocated from retained earnings	-158.751	-5.059.823
Total allocations and transfers	-158.751	-5.059.823

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Non-current assets		
4 Other fixtures and fittings, tools and equipment	4.488.329	5.116.025
Total property, plant, and equipment	4.488.329	5.116.025
5 Deposits	531.004	484.340
Total investments	531.004	484.340
Total non-current assets	5.019.333	5.600.365
Current assets		
Manufactured goods and goods for resale	3.190.931	569.337
Total inventories	3.190.931	569.337
Trade receivables	23.746.759	19.407.145
Contract work in progress	9.945.922	2.895.403
Receivables from subsidiaries	4.460.973	3.769.341
Income tax receivables	67.716	0
Prepayments	596.474	1.183.123
Total receivables	38.817.844	27.255.012
Cash and cash equivalents	0	675.000
Total current assets	42.008.775	28.499.349
Total assets	47.028.108	34.099.714

Balance sheet at 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity and liabilities		
Equity		
Contributed capital	501.000	501.000
Retained earnings	17.544.859	17.703.610
Total equity	18.045.859	18.204.610
Provisions		
Other provisions	0	620.000
Total provisions	0	620.000
Liabilities other than provisions		
Bank loans	1.139	393
Prepayments received from customers	3.022.014	421.000
Trade payables	4.767.540	3.418.658
Payables to subsidiaries	12.348.858	7.469.908
Income tax payable to subsidiaries	67.716	0
Other payables	8.774.982	3.965.145
Total short term liabilities other than provisions	28.982.249	15.275.104
Total liabilities other than provisions	28.982.249	15.275.104
Total equity and liabilities	47.028.108	34.099.714

6 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Retained earnings	Total
Equity 1 January 2022	501.000	17.703.610	18.204.610
Retained earnings for the year	0	-158.751	-158.751
	501.000	17.544.859	18.045.859

Notes

All amounts in DKK.

	<u>2023</u>	<u>2022</u>
1. Staff costs		
Salaries and wages	12.038.970	10.651.054
Other costs for social security	353.936	175.505
Other staff costs	85.931	78.996
	<u>12.478.837</u>	<u>10.905.555</u>
Average number of employees	<u>17</u>	<u>14</u>
2. Other financial expenses		
Financial costs, group enterprises	258.476	48.157
Other financial costs	78.130	32.735
	<u>336.606</u>	<u>80.892</u>
3. Tax on net profit or loss for the year		
Adjustment of tax for previous years	<u>0</u>	<u>696.826</u>
	<u>0</u>	<u>696.826</u>
4. Other fixtures and fittings, tools and equipment		
Cost 1 January 2023	6.137.374	5.073.142
Additions during the year	60.512	1.064.232
Cost 31 December 2023	<u>6.197.886</u>	<u>6.137.374</u>
Amortisation and writedown 1 January 2023	-1.021.349	-411.588
Amortisation and depreciation for the year	-688.208	-609.761
Amortisation and writedown 31 December 2023	<u>-1.709.557</u>	<u>-1.021.349</u>
Carrying amount, 31 December 2023	<u>4.488.329</u>	<u>5.116.025</u>

Notes

All amounts in DKK.

	<u>31/12 2023</u>	<u>31/12 2022</u>
5. Deposits		
Cost 1 January 2023	484.340	548.588
Additions during the year	46.664	0
Disposals during the year	<u>0</u>	<u>-64.248</u>
Cost 31 December 2023	<u>531.004</u>	<u>484.340</u>
Carrying amount, 31 December 2023	<u>531.004</u>	<u>484.340</u>

6. Contingencies

Contingent liabilities

The Company has entered into tenancy agreements and operating lease agreements with a total contractual obligation of T.DKK 7.001.

The company has provided guarantees to its customers through financial institutions. At 31 December 2023, these guarantees amounted to T.DKK 3.512

Accounting policies

The annual report for Sulzer Pumps Denmark A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations, amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, own work capitalised, other operating income, and external costs.

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.

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

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

Other external expenses comprise expenses incurred for sales, advertising, administration, premises and loss on receivables.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members. Staff costs are less government reimbursements.

Depreciation, amortisation, and writedown for impairment

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial cost regarding gains and losses on payables and transactions denominated in foreign currencies, as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises. The company acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and write-down for impairment.

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

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Investments

Deposits

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

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Accounting policies

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on amount and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

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

Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank.

Equity

Dividend

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

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Sulzer Pumps Denmark A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, Sulzer Pumps Denmark A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Accounting policies

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Provisions

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

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

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. Provisions for warranty commitments are measured on basis of the obtained experience with guarantee work. Provisions with an expected due date later than 1 year from the reporting date are discounted at a rate reflecting risk and maturity of the liability.

Liabilities other than provisions

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Deferred income

Payments received concerning future income are recognised under deferred income.