

Boilerworks A/S

Industrivej Nord 13, 7400 Herning

CVR no. 35 22 67 88

Annual report 2020/21

Approved at the Company's annual general meeting on 10 May 2021

Chair of the meeting:

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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 Boilerworks A/S for the financial year 1 April 2020 - 31 March 2021.

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 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021.

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

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

Herning, 10 May 2021
Executive Board:

.....
Peter Overgaard

Board of Directors:

.....
Rakesh Rampratap Tripathi
Chair

.....
Rajendran Arunachalam

.....
Peter Overgaard

Independent auditor's report

To the shareholder of Boilerworks A/S

Opinion

We have audited the financial statements of Boilerworks A/S for the financial year 1 April 2020 - 31 March 2021, 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 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 - 31 March 2021 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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.

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.

Independent auditor's report

- ▶ 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.

Esbjerg, 10 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Morten Østergaard Koch
State Authorised Public Accountant
mne35420

Claes Jensen
State Authorised Public Accountant
mne44108

Management's review

Company details

| | |
|----------------------------|--|
| Name | Boilerworks A/S |
| Address, Postal code, City | Industrivej Nord 13, 7400 Herning |
| CVR no. | 35 22 67 88 |
| Established | 12 April 2013 |
| Registered office | Herning |
| Financial year | 1 April 2020 - 31 March 2021 |
| Telephone | +45 73 64 48 50 |
| Board of Directors | Rakesh Rampratap Tripathi, Chair Rajendran Arunachalam Peter Overgaard |
| Executive Board | Peter Overgaard |
| Auditors | EY Godkendt Revisionspartnerselskab Bavnehøjvej 5, 6700 Esbjerg, Denmark |

Management's review

Financial highlights

| DKK'000 | 2020/21 | 2019/20 | 2018/19 | 2017/18 | 2016/17 |
|--|---------|---------|---------|---------|---------|
| Key figures | | | | | |
| Gross profit | 3,660 | 48 | -4,199 | 13,086 | 8,800 |
| Operating profit/loss | -9,499 | -9,400 | -17,055 | 52 | -2,619 |
| Profit/loss before tax | -9,361 | -10,230 | -17,687 | 129 | -2,770 |
| Profit/loss for the year | -7,719 | -7,981 | -13,797 | 106 | -2,164 |
| | | | | | |
| Total assets | 16,667 | 33,365 | 38,126 | 36,777 | 27,428 |
| Investments in property, plant and equipment | 0 | 95 | 1,045 | 308 | 789 |
| Equity | -3,964 | 3,711 | -13,284 | 615 | 355 |
| Financial ratios | | | | | |
| Equity ratio | -23.8% | 11.1% | -34.8% | 1.7% | 1.3% |
| | | | | | |
| Average number of employees | 20 | 50 | 82 | 82 | 82 |

Management's review

Business review

Boilerworks A/S, which has its registered address in the Danish municipality of Herning, is a fully owned subsidiary of Thermax Denmark ApS. The ultimate parent company of the company is RDA Holdings Private Limited, Pune, India, which holds the majority through the listed company Thermax Ltd., Pune, India.

Boilerworks A/S designs, produces and supplies high-pressure boilers and components to power stations, waste-fuelled and biomass-fuelled plants as well as petrochemical plants. Moreover, the Company manufactures a wide variety of heat exchangers and flue-gas coolers.

The maintenance of boiler systems is one of Boilerworks' specialties. This includes everything from simple repairs to extensive maintenance planning, modernisation and optimisations of the system, installation of new components and control systems.

Financial review

Boilerworks service activities was by November 1st sold off to VODA A/S. The still ongoing business is closing down of old project- and service activities and sales of heat exchangers.

The overall results achieved by Boilerworks this year are significantly lower than provided for in the budget. The result achieved is not satisfactory and is mainly caused by the closing down of the Service activities.

The loss for the year before tax is DKK 9,361 thousand and loss after tax DKK 7,719 thousand. Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through capital contributions once all projects and service activities are finalized.

Events after the balance sheet date

The Management is of the opinion that from the balance sheet date until today, no events have occurred which could alter the assessment of the annual report substantially.

Outlook

Boilerworks' volume of orders at the end of the financial year is rather limited due to the sales to VODA A/S.

Boilerworks will slowly close down as projects and service activities are finalized and warranty obligations are running out.

Financial statements 1 April 2020 - 31 March 2021

Income statement

| Note | DKK'000 | 2020/21 | 2019/20 |
|------|--------------------------|---------|---------|
| | Gross profit | 3,660 | 48 |
| | Distribution costs | -2,911 | -3,583 |
| | Administrative expenses | -10,198 | -5,865 |
| | Operating profit/loss | -9,449 | -9,400 |
| | Financial income | 649 | 2,139 |
| 4 | Financial expenses | -561 | -2,969 |
| | Profit/loss before tax | -9,361 | -10,230 |
| 5 | Tax for the year | 1,642 | 2,249 |
| | Profit/loss for the year | -7,719 | -7,981 |

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

| Note | DKK'000 | 2020/21 | 2019/20 |
|------|--|---------------|---------------|
| | ASSETS | | |
| | Fixed assets | | |
| 6 | Intangible assets | | |
| | Completed development projects | 0 | 1,321 |
| | Acquired intangible assets | 0 | 0 |
| | Goodwill | 0 | 1,381 |
| | | <u>0</u> | <u>2,702</u> |
| 7 | Property, plant and equipment | | |
| | Plant and machinery | 0 | 549 |
| | Other fixtures and fittings, tools and equipment | 0 | 373 |
| | | <u>0</u> | <u>922</u> |
| | Total fixed assets | <u>0</u> | <u>3,624</u> |
| | Non-fixed assets | | |
| | Inventories | | |
| | Raw materials and consumables | 2,179 | 1,221 |
| | Semi-finished goods | 0 | 350 |
| | | <u>2,179</u> | <u>1,571</u> |
| | Receivables | | |
| | Trade receivables | 336 | 4,279 |
| 8 | Work in progress for third parties | 10,790 | 20,265 |
| 9 | Deferred tax assets | 2,240 | 820 |
| | Other receivables | 57 | 1,629 |
| | Prepayments | 0 | 277 |
| | | <u>13,423</u> | <u>27,270</u> |
| | Cash | <u>1,065</u> | <u>900</u> |
| | Total non-fixed assets | <u>16,667</u> | <u>29,741</u> |
| | TOTAL ASSETS | <u>16,667</u> | <u>33,365</u> |

Financial statements 1 April 2020 - 31 March 2021

Balance sheet

| Note | DKK'000 | 2020/21 | 2019/20 |
|------|---|---------|---------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| | Share capital | 500 | 500 |
| | Reserve for development costs | 0 | 1,030 |
| | Hedging reserve | 44 | 0 |
| | Retained earnings | -4,508 | 2,181 |
| | Total equity | -3,964 | 3,711 |
| | Provisions | | |
| | Other provisions | 2,971 | 550 |
| 11 | Total provisions | 2,971 | 550 |
| | Liabilities other than provisions | | |
| 10 | Non-current liabilities other than provisions | | |
| | Lease liabilities | 104 | 485 |
| | | 104 | 485 |
| | Current liabilities other than provisions | | |
| 10 | Current portion of long-term liabilities | 93 | 235 |
| 8 | Work in progress for third parties | 67 | 1,704 |
| | Trade payables | 842 | 5,339 |
| | Payables to group entities | 11,592 | 14,065 |
| | Other payables | 4,962 | 7,276 |
| | | 17,556 | 28,619 |
| | | 17,660 | 29,104 |
| | TOTAL EQUITY AND LIABILITIES | 16,667 | 33,365 |

- 1 Accounting policies
- 2 Capital resources
- 3 Special items
- 12 Staff costs
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit/loss

Financial statements 1 April 2020 - 31 March 2021

Statement of changes in equity

| Note | DKK'000 | Share capital | Reserve for development costs | Hedging reserve | Retained earnings | Total |
|------|--|---------------|-------------------------------------|-----------------|----------------------|--------|
| | Equity at 1 April 2020 | 500 | 1,030 | 0 | 2,181 | 3,711 |
| 16 | Transfer, see "Appropriation of profit/loss" | 0 | -1,030 | 0 | -6,689 | -7,719 |
| | Adjustment of hedging instruments at fair value | 0 | 0 | 57 | 0 | 57 |
| | Tax on items recognised directly in equity | 0 | 0 | -13 | 0 | -13 |
| | Equity at 31 March 2021 | 500 | 0 | 44 | -4,508 | -3,964 |

The contributed capital consists of 1 share at a nominal value of DKK 500.000.

Management is aware that the Company is subject to capital loss regulations in the Danish Companies Act § 119. Management expects that the capital will be re-established through capital contributions once all projects and service activities are finalized.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies

The annual report of Boilerworks A/S for 2020/21 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

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

Omission of a cash flow statement

Cash flow statements have not been prepared as the same are not required as per section 86(4) of the Danish Financial Statements Act. The cash flow of Boilerworks A/S forms part of the consolidated cash flow in the consolidated financial statements of the Danish parent company Thermax Denmark ApS.

Reporting currency

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

Foreign currency translation

Transactions denominated in foreign currencies are translated into Danish kroner at the exchange rates at the transaction date. Exchange rate differences arising between the exchange rates at the transaction date and the exchange rate at the date of payment are recognised as a financial item in the income statement.

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

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.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Income statement

Revenue

Income from the sale of goods for resale and finished 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® 2010

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Sales and distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc., carried out in the year, including costs relating to sales staff, advertising, exhibitions and amortisation/depreciation.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purpose.

Other operating income and operating expenses

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

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Amortisation/depreciation and impairment

The item comprises amortisation/depreciation and impairment of intangible assets and property, 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 | 3 years |
| Acquired intangible assets | 3 years |
| Goodwill | 20 years |

Gains and losses on the sale and disposal 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 or disposal.

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 | 3-10 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

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.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

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

Balance sheet

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 20 years, as it relates to enterprises in low-technological markets.

Other intangible assets include development projects and other acquired intangible rights, including software licences, distribution rights and development projects.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Amortisation takes place on a straight-line basis over the expected useful life which has been fixed at three years.

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

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

Following the completion of the development work, development costs are amortised on a straight line basis over the estimated useful life. The amortisation period is usually 3 years.

Property, plant and equipment

Items of property, 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.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Depreciation is recognised in the income statement as production costs (gross profit), sales/distribution costs and administrative expenses, respectively.

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

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 obligation 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.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment 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).

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

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. Impairment losses on goodwill are not reversed.

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.

Raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Semi-finished goods are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as maintenance and depreciation of production machinery, buildings and equipment as well as factory administration and management.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs necessary to make the sale and is determined in consideration of marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost. Write down to net realisable value is made for expected losses.

Work in progress for third parties

Work in progress (customised orders) are measured at the selling price of the work performed, less any payments received on account of the customer and expected losses. The orders are characterized by the fact that the orders contain high levels of individualization of the design. Moreover, it is a requirement that before the start of the order a binding order has been entered, which will result in penalty or replacement by later removal.

The selling price is measured by reference to the stage of completion at the balance sheet date and total expected income from the contract. The stage of completion is determined on the basis of an estimate of the work, usually calculated as the ratio between the costs incurred and total estimated costs of the order or hours worked and the total estimated hours worked for that order.

When it is probable that total costs for an order will exceed total revenue, the expected loss on the order immediately is recognised as an expense and a provision.

When the selling price of an individual order cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Net assets are determined as the sum of orders where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of orders where progress billings exceed the selling price.

Prepayments from customers are recognized as liabilities.

Selling costs and costs incurred in securing contracts are recognised in the income statement when incurred.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Prepayments

Prepayments comprise costs incurred in relation to subsequent financial years.

Cash

Cash comprise cash.

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.

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 costs related to warranties. Provisions are recognised when – as the result of past events – the Company has a legal or constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 1-5 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provision is recognised in production costs.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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.

Joint taxation contributions payable and receivable are recognised in the balance sheet under balances with group enterprises.

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

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. In subsequent periods, the 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 obligation on finance leases.

Other liabilities are measured at net realisable value.

Financial ratios

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

| | |
|--------------|--|
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |
|--------------|--|

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

2 Capital resources

The Company is financed by payables to group companies. Group companies have declared that such payables will not be withdrawn unless sufficient cash resources in the company is available.

3 Special items

Special items for the year are specified below just as are the items under which they are recognised in the income statement.

Special items for the year comprises costs related to the sale of assets and activities. The costs amounts to DKK 7,718 thousand and consist of termination fees of rental and lease agreements, impairment of tangible and intangible assets, one-off payment to the counter part and costs for legal counselling.

| DKK'000 | 2020/21 |
|-------------------------------------|--------------|
| Expenses | |
| Costs related to the sale of assets | 7,718 |
| | <u>7,718</u> |

Special items are recognised in the below items of the financial statements

| | |
|-----------------------------|--------------|
| Production costs | 805 |
| Administration expenses | 6,913 |
| Net profit on special items | <u>7,718</u> |

| | DKK'000 | 2020/21 | 2019/20 |
|---|--------------------------------------|---------------|---------------|
| 4 | Financial expenses | | |
| | Interest expenses, group entities | 40 | 317 |
| | Other financial expenses | 521 | 2,652 |
| | | <u>561</u> | <u>2,969</u> |
| 5 | Tax for the year | | |
| | Estimated tax charge for the year | -181 | -274 |
| | Deferred tax adjustments in the year | -1,461 | -1,975 |
| | | <u>-1,642</u> | <u>-2,249</u> |

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

6 Intangible assets

| DKK'000 | Completed development projects | Acquired intangible assets | Goodwill | Total |
|---|--------------------------------------|-------------------------------|----------|-------|
| Cost at 1 April 2020 | 3,134 | 792 | 2,116 | 6,042 |
| Additions in the year | 0 | 1,852 | 0 | 1,852 |
| Cost at 31 March 2021 | 3,134 | 2,644 | 2,116 | 7,894 |
| Impairment losses and amortisation at 1 April 2020 | 1,813 | 792 | 735 | 3,340 |
| Impairment losses in the year | 699 | 1,672 | 1,302 | 3,673 |
| Amortisation/depreciation in the year | 622 | 180 | 79 | 881 |
| Impairment losses and amortisation at 31 March 2021 | 3,134 | 2,644 | 2,116 | 7,894 |
| Carrying amount at 31 March 2021 | 0 | 0 | 0 | 0 |

7 Property, plant and equipment

| DKK'000 | Plant and machinery | Other fixtures and fittings, tools and equipment | Total |
|--|------------------------|--|--------|
| Cost at 1 April 2020 | 4,043 | 719 | 4,762 |
| Disposals in the year | -3,745 | -505 | -4,250 |
| Cost at 31 March 2021 | 298 | 214 | 512 |
| Impairment losses and depreciation at 1 April 2020 | 3,494 | 346 | 3,840 |
| Impairment losses in the year | 149 | 26 | 175 |
| Amortisation/depreciation in the year | 234 | 82 | 316 |
| Reversal of amortisation/depreciation and impairment of disposals | -3,579 | -240 | -3,819 |
| Impairment losses and depreciation at 31 March 2021 | 298 | 214 | 512 |
| Carrying amount at 31 March 2021 | 0 | 0 | 0 |

| DKK'000 | 2020/21 | 2019/20 |
|--|---------|---------|
| 8 Work in progress for third parties | | |
| Selling price of work performed | 82,300 | 98,845 |
| Progress billings | -71,577 | -80,284 |
| | 10,723 | 18,561 |
| recognised as follows: | | |
| Work in progress for third parties (assets) | 10,790 | 20,265 |
| Work in progress for third parties (liabilities) | -67 | -1,704 |
| | 10,723 | 18,561 |

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

9 Deferred tax

| | | |
|---|---------------|-------------|
| Deferred tax at 1 April | -820 | 1,155 |
| Deferred tax adjustment, previous years | 41 | 0 |
| Deferred tax adjustment for the year | -1,461 | -1,975 |
| Deferred tax at 31 March | <u>-2,240</u> | <u>-820</u> |

Deferred tax adjustments primarily relates to tax loss carry-forwards and other provisions

10 Non-current liabilities other than provisions

| DKK'000 | Total debt at 31/3 2021 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|-------------------|----------------------------|-------------------------|----------------------|-----------------------------------|
| Lease liabilities | <u>197</u> | <u>93</u> | <u>104</u> | <u>0</u> |
| | <u>197</u> | <u>93</u> | <u>104</u> | <u>0</u> |

11 Provisions

Other provisions consists of custom warranties commitments.

| DKK'000 | 2020/21 | 2019/20 |
|---------------------------------------|---------------|---------------|
| 12 Staff costs | | |
| Wages/salaries | 10,675 | 29,963 |
| Pensions | 783 | 1,919 |
| Other social security costs | 170 | 114 |
| | <u>11,628</u> | <u>31,996</u> |
| Average number of full-time employees | <u>20</u> | <u>50</u> |

The Company did not pay any remuneration to Management during the financial year. Remuneration paid in the year of comparison is DKK 0.

13 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with the Danish parent company and Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.

14 Collateral

Performance bonds and advance payment guarantees issued by guarantors' amount to DKK 10,548 thousand.

Financial statements 1 April 2020 - 31 March 2021

Notes to the financial statements

15 Related parties

Boilerworks A/S' related parties comprise the following:

Parties exercising control

| Related party | Domicile | Basis for control |
|---------------------|----------|------------------------|
| Thermax Denmark ApS | Herning | Participating interest |

Information about consolidated financial statements

| Parent | Domicile | Requisitioning of the parent company's consolidated financial statements |
|---------------------|----------|--|
| Thermax Denmark ApS | Denmark | www.cvr.dk |
| Thermax Ltd. | India | www.thermaxglobal.com |

Related party transactions

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

| DKK'000 | 2020/21 | 2019/20 |
|---|---------|---------|
| Financial expenses | 40 | 317 |
| Revenue | 13,026 | 8,699 |
| Production costs | 8,496 | 3,240 |
| Rent | 0 | 75 |
| Payables to group companies | 11,592 | 14,065 |
| Equity contribution from parent company | 0 | 25,000 |

16 Appropriation of profit/loss

Recommended appropriation of profit/loss

| | | |
|------------------------------------|---------------|---------------|
| Other statutory reserves | -1,030 | -761 |
| Retained earnings/accumulated loss | -6,689 | -7,220 |
| | <u>-7,719</u> | <u>-7,981</u> |