Hoyer Group A/S

Over Hadstenvej 42, DK-8370 Hadsten

Annual Report for 1 January - 31 December 2021

CVR No 37 62 98 47

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 16/05 2022

Henrik Petersen
Chairman of the General Meeting

Contents

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Hoyer Group A/S for the financial year 1 January - 31 December 2021.

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 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

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.

Hadsten, 16 May 2022

Executive Board

Henrik Thomassen Ulrich Sørensen
CEO

Henrik Petersen
CFO

Board of Directors

Søren Østergaard Sørensen
Chairman

Denis Viet-Jacobsen
Deputy Chairman

Jan Vestergaard Olsen

Michael Pontoppidan Frost

Lars Radoor Sørensen

Independent Auditor's Report

To the Shareholders of Hoyer Group 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 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hoyer Group A/S for the financial year 1 January - 31 December 2021, 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 Financials 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.

Independent Auditor's Report

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 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 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 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 Company's and the Group'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 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

Independent Auditor's Report

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 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.

Aarhus, 16 May 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

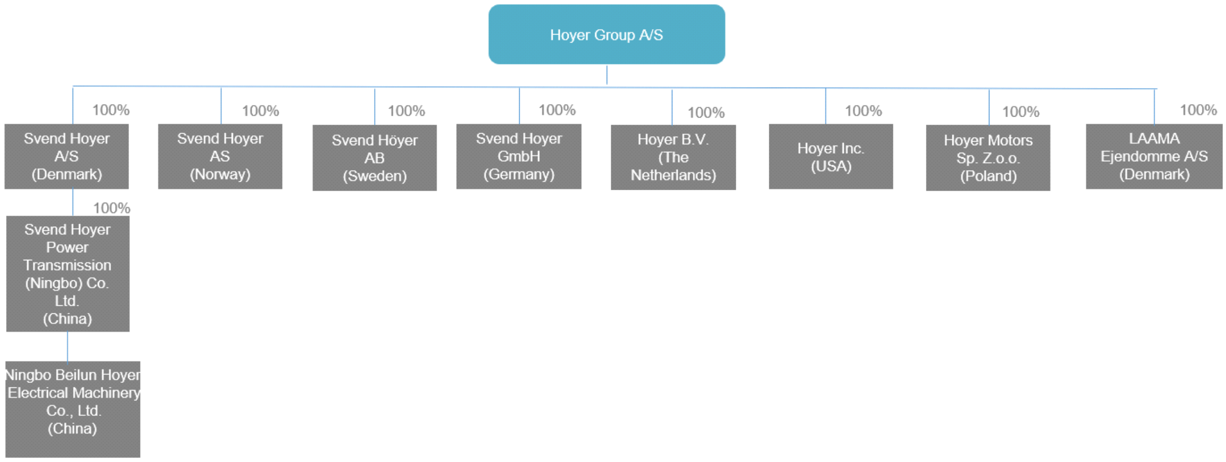
Henrik Kragh
State Authorised Public Accountant
mne26783

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

Company Information

The Company	Hoyer Group A/S Over Hadstenvej 42 DK-8370 Hadsten CVR No: 37 62 98 47 Financial period: 1 January - 31 December Municipality of reg. office: Favrskov
Board of Directors	Søren Østergaard Sørensen, Chairman Denis Viet-Jacobsen, Deputy Chairman Jan Vestergaard Olsen Michael Pontoppidan Frost Lars Radoor Sørensen
Executive Board	Henrik Thomassen Ulrich Sørensen Henrik Petersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Group Chart


Hoyer Group A/S
100%
Svend Hoyer A/S (Denmark)
100%
Svend Hoyer AS (Norway)
100%
Svend Höyer AB (Sweden)
100%
Svend Hoyer GmbH (Germany)
100%
Hoyer B.V. (The Netherlands)
100%
Hoyer Inc. (USA)
100%
Hoyer Motors Sp. Z.o.o. (Poland)
100%
LAAMA Ejendomme A/S (Denmark)
100%
Svend Hoyer Power Transmission (Ningbo) Co. Ltd. (China)
Ningbo Beilun Hoyer Electrical Machinery Co., Ltd. (China)

Financial Highlights

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

	Group				
	2021	2020	2019	2018	2017
	kDKK	kDKK	kDKK	kDKK	TDKK
Key figures					
Profit/loss					
Revenue	526,419	462,013	709,385	517,458	436,198
Operating profit/loss	-23	21,248	66,724	28,102	7,175
Profit/loss before financial income and expenses	3,020	27,857	69,801	29,814	7,670
Net financials	1,046	-5,232	-4,112	-3,552	-5,139
Profit/loss from discontinuing activities	0	41,368	0	0	0
Net profit/loss for the year	1,008	57,300	48,451	15,596	173
Balance sheet					
Balance sheet total	686,957	561,104	556,943	531,575	502,971
Equity	349,815	343,636	287,444	239,167	223,094
Cash flows					
Cash flows from:					
- operating activities	-80,082	73,300	44,180	-10,516	50,481
- investing activities	-14,799	95,601	-3,265	-4,036	-400
including investment in property, plant and equipment	-3,483	-6,544	-3,975	-4,978	-3,460
- financing activities	94,265	-175,020	-27,237	16,030	-47,673
Change in cash and cash equivalents for the year	-616	-6,119	13,678	1,478	2,408
Number of employees	182	194	207	175	169
Ratios					
Solvency ratio	50.9%	61.2%	51.6%	45.0%	44.4%
Return on equity	0.3%	18.2%	18.4%	6.7%	0.1%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts, see under accounting policies.

The Hoyer Transmission business unit was divested in 2020. Comparable figures for 2017-2019 have not been adjusted for the discontinuing activites, hence 2020 and 2021 lacks comparability with 2017-2019.

Management's Review

Key activities

The Group is a leading supplier of customised electric motors to the marine, HVAC, energy, and industrial sectors, primarily in Europe and Asia. Hoyer sells own-branded as well as customer specific products and offers key value-added services to its customers, such as logistics, technical customization, quality assurance and technical documentation.

Development in the year

The income statement of the Group for 2021 shows a profit of kDKK 1,008, and at 31 December 2021 the balance sheet of the Group shows equity of kDKK 349,815.

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

Overall, 2021 saw very strong development in order intake with growth versus 2020 of more than 50%. The growth has been driven by the more focused commercial approach and the effective supply chain management securing delivery availability, despite the very challenging situation with stock shortages experienced across many industries.

Revenue has also shown growth, but is lagging the order intake, meaning the Group has substantial order backlog going into next year.

During the year the gross margin has been under pressure due to the significant increases in material- and freight costs. Consequently, price increases have been implemented in the second half of the year and the gross margin has since been moving back toward its pre-covid-19 level.

During 2021 management decided to keep a higher overhead and staff cost level in order to strengthen our market position and ability to scale the business as well as supporting development and deployment of a new ERP-system.

The year 2021 saw the establishment of permanent representation in two of the Group's key markets, USA, and Poland, through the establishment of subsidiaries with offices in Houston, USA and Tarnów, Poland.

During the end of 2021 a new facility in Ningbo, China was established. The new site will during 2022 replace the existing facility. The new facility includes a new test center and will allow hosting in-house customer events to strengthen the Group's local presence. It will further enable increased operational efficiency through optimized workflow and offer improved and safer work environment as well as reduced consumption.

The growth in order intake and revenue was strong, as expected, but the gross margin was below expectation due to the exceptional cost increases for material and freight as described above.

Management's Review

Operating risks

Hoyer's main business risk relates to the general global economic development and the specific development of the customers and industries served. During the last years Hoyer has diversified the customer base and targeted and grown the presence in for instance the HVAC, industrial pumps, and energy segments, thereby reducing the dependency on the marine segment.

Hoyer is also exposed to variations in freight and material prices (copper, aluminium, cast iron, and silicon steel). During the year Hoyer has improved internal processes and procedures to be able to better address and manage this risk.

Financial risks

As a result of its operations, investments and financing, the Group is exposed to changes in currency exchange rates, credit risks and liquidity risks.

Foreign exchange risks

The Group is affected by changes in currency exchange rates, as goods purchased and the main part of the turnover is invoiced in a foreign currency, while the main part of the costs, including wages and salaries, are mainly paid in Danish Kroner.

The Group hedges the foreign exchange risk by means of the finance policy approved by the Board of Directors.

Interest rate risks

The Group hedges the interest rate risk on the basis of the interest policy approved by the Board of Directors.

Credit risks

The Group's policy for assuming credit risks means that all customers and other business partners are credit rated on an ongoing basis. The historic credit losses have been on a very low level.

Liquidity risks

The Group has credit facilities available exceeding the expected requirements of the Group.

Management's Review

Targets and expectations for the year ahead

The Group's outlook for 2022 is a strong start to the year based on a large order book and expectations that all segments will continue their growth trajectories from the last half of 2021.

The current events in Ukraine introduce new uncertainty on material- and freight prices, however, management expects that the gross margin with continue its return towards its normal level as the Group has implemented governance models and processes to navigate and mitigate effects of cost increases on the gross margin. Please refer to the Subsequent Events note for further information.

Statement of corporate social responsibility

As part of the global manufacturing industry, the Group is aware of its social responsibility and environmental footprint.

Electric motors represent 30% of the world's electric energy consumption and thereby hold great opportunities for sustainable development. By offering more energy efficient motors and drives Hoyer can support customers in their focus on optimising application efficiency and thereby reducing industry emissions.

The business and market approach is furthermore based on values such as trust, reliability, and quality. By supporting the principles of the UN Global Compact and selected Sustainable Development Goals, the Group aims to influence the organisation and long-term partners by having detailed management systems and procedures that integrates those targets.

The target is to continuously improve the way the Groups works with CSR related areas such as, Protection of human rights, Labour rights and discrimination, Environmental responsibility, Work against corruption and Health and safety of employees.

In accordance with the Danish Financial Statements Act, section 99 a and 99 b Hoyer Group A/S publishes its report on Corporate Social Responsibility on the Group website. Please refer to our statutory report here:

https://hoyermotors.com/wp-content/uploads/2022/04/Hoyer-ESG-2021.pdf

Hoyer Group A/S is committed to handling data responsibly. However the Group does not currently have any data which is not already included in the handling of the GDPR regulation, hence the Group does not believe that a formalised policy for data ethics is needed currently.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Management's Review

Unusual events

The financial position at 31 December 2021 of the Group and the results of the activities and cash flows of the Group for the financial year for 2021 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	Group 2021 kDKK	Group 2020 kDKK	Parent 2021 kDKK	Parent 2020 kDKK
Revenue	1	**526,419**	**462,013**	**0**	**0**
Change in inventories of finished goods, work in progress and goods for resale		85,375	-57,568	0	0
Other operating income		3,043	6,625	3,797	9,073
Expenses for raw materials and consumables		-478,979	-262,463	0	0
Other external expenses		-38,158	-31,538	-2,926	-3,227
Gross profit/loss		**97,700**	**117,069**	**871**	**5,846**
Staff expenses	2	-81,935	-77,177	-4,984	-4,959
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-12,745	-12,019	0	0
Other operating expenses		0	-16	0	0
Profit/loss before financial income and expenses		**3,020**	**27,857**	**-4,113**	**887**
Income from investments in subsidiaries		0	0	6,129	56,917
Financial income		5,014	1,683	0	0
Financial expenses	4	-3,968	-6,915	-1,679	-766
Profit/loss before tax		**4,066**	**22,625**	**337**	**57,038**
Tax on profit/loss for the year	5	-3,058	-6,693	671	262
Profit/loss from continuing activities		**1,008**	**15,932**	**1,008**	**57,300**
Profit/loss from discontinuing activities	6	0	41,368	0	0
Net profit/loss for the year		**1,008**	**57,300**	**1,008**	**57,300**

Balance Sheet 31 December

Assets

		Group		Parent	
	Note	2021	2020	2021	2020
		kDKK	kDKK	kDKK	kDKK
Completed development projects		1,366	0	0	0
Acquired licenses		214	84	0	0
Goodwill		93,908	100,460	0	0
Development projects in progress		9,714	0	0	0
Intangible assets	7	**105,202**	**100,544**	**0**	**0**
Land and buildings		83,231	84,044	0	0
Other fixtures and fittings, tools and equipment		9,878	11,563	0	0
Property, plant and equipment	8	**93,109**	**95,607**	**0**	**0**
Investments in subsidiaries	9	0	0	381,214	369,900
Deposits	10	346	343	0	0
Fixed asset investments		**346**	**343**	**381,214**	**369,900**
Fixed assets		**198,657**	**196,494**	**381,214**	**369,900**
Inventories		**208,295**	**122,920**	**0**	**0**
Trade receivables		99,735	67,577	0	0
Receivables from group enterprises		0	0	1,507	1,527
Other receivables	16	9,643	6,999	3,046	3,046
Receivable from shareholders and Management		153,309	150,657	0	0
Deferred tax asset	13	0	0	139	0
Corporation tax		2,131	5,669	2,131	0
Corporation tax receivable from group enterprises		0	0	0	20,580
Prepayments	11	836	732	0	0
Receivables		**265,654**	**231,634**	**6,823**	**25,153**
Cash at bank and in hand		**14,351**	**10,056**	**39**	**131**
Current assets		**488,300**	**364,610**	**6,862**	**25,284**
Assets		**686,957**	**561,104**	**388,076**	**395,184**

Balance Sheet 31 December

Liabilities and equity

		Group		Parent	
	Note	2021	2020	2021	2020
		kDKK	kDKK	kDKK	kDKK
Share capital		23,259	23,259	23,259	23,259
Reserve for net revaluation under the equity method		0	0	3,018	0
Reserve for hedging transactions		25	-126	0	0
Reserve for exchange adjustments		3,795	-1,225	0	0
Retained earnings		322,736	321,728	323,538	320,377
Equity		**349,815**	**343,636**	**349,815**	**343,636**
Provision for deferred tax	13	11,436	11,989	0	0
Other provisions	14	1,100	1,850	0	0
Provisions		**12,536**	**13,839**	**0**	**0**
Mortgage loans		30,482	32,531	0	0
Credit institutions		386	772	0	0
Deposits		1,157	1,235	0	0
Other payables		5,828	3,040	0	0
Long-term debt	15	**37,853**	**37,578**	**0**	**0**
Mortgage loans	15	2,014	2,052	0	0
Credit institutions	15	162,234	65,418	0	0
Trade payables		75,514	39,986	0	0
Payables to group enterprises		0	0	24,483	16,880
Corporation tax		4,306	24,273	0	20,317
Payables to group enterprises relating to corporation tax		0	0	1,600	0
Other payables	15,16	42,685	34,322	12,178	14,351
Short-term debt		**286,753**	**166,051**	**38,261**	**51,548**
Debt		**324,606**	**203,629**	**38,261**	**51,548**
Liabilities and equity		**686,957**	**561,104**	**388,076**	**395,184**

Balance Sheet 31 December

Liabilities and equity

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for hedging transactions	Reserve for exchange adjustments	Retained earnings	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	23,259	0	-126	-1,225	321,728	343,636
Exchange adjustments	0	0	0	5,020	0	5,020
Fair value adjustment of hedging instruments for the year	0	0	194	0	0	194
Tax on adjustment of hedging instruments for the year	0	0	-43	0	0	-43
Net profit/loss for the year	0	0	0	0	1,008	1,008
Equity at 31 December	**23,259**	**0**	**25**	**3,795**	**322,736**	**349,815**

Parent

	Share capital	Reserve for net revalua-tion under the equity method	Reserve for hedging transactions	Reserve for exchange adjustments	Retained earnings	Total
Equity at 1 January	23,259	0	0	0	320,377	343,636
Exchange adjustments	0	5,020	0	0	0	5,020
Other equity movements	0	151	0	0	0	151
Net profit/loss for the year	0	-2,153	0	0	3,161	1,008
Equity at 31 December	**23,259**	**3,018**	**0**	**0**	**323,538**	**349,815**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021 kDKK	Group 2020 kDKK
Net profit/loss for the year from continuing activities		1,008	15,932
Adjustments	17	14,994	24,127
Change in working capital	18	-74,352	41,018
Cash flows from operating activities before financial income and expenses		**-58,350**	**81,077**
Financial income		2,362	1,026
Financial expenses		-3,968	-1,836
Cash flows from ordinary activities		**-59,956**	**80,267**
Corporation tax paid		-20,126	-11,838
Cash flows from operating activities, discontinued activities		0	4,871
Cash flows from operating activities		**-80,082**	**73,300**
Purchase of intangible assets		-11,316	-55
Purchase of property, plant and equipment		-3,483	-6,544
Fixed asset investments made etc		0	-255
Sale of property, plant and equipment		0	10
Sale of fixed asset investments etc		0	221
Cash flows from investing activities, discontinued activities		0	102,224
Cash flows from investing activities		**-14,799**	**95,601**
Repayment of mortgage loans		-2,087	-2,088
Loans from credit institutions		96,430	-23,561
Other long-term debt		-78	629
Loans to shareholders		0	-150,000
Cash flows from financing activities		**94,265**	**-175,020**
Change in cash and cash equivalents		**-616**	**-6,119**
Cash and cash equivalents at 1 January		10,056	22,440
Effect of exchanges (losses/gains)		4,911	-6,265
Cash and cash equivalents at 31 December		**14,351**	**10,056**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		14,351	10,056
Cash and cash equivalents at 31 December		**14,351**	**10,056**

Notes to the Financial Statements

	Group		Parent	
	2021	2020	2021	2020
	kDKK	kDKK	kDKK	kDKK

1 Revenue

Geographical segments

	2021	2020	2021	2020
Europe	320,098	293,147	0	0
Asia	190,647	153,124	0	0
Other	15,674	15,742	0	0
	526,419	**462,013**	**0**	**0**

Business segments

The Group has not disclosed its business segments as all products sold are categorised as "Motors"

2 Staff expenses

	2021	2020	2021	2020
Wages and salaries	74,067	70,520	4,581	4,560
Pensions	4,981	3,984	388	382
Other social security expenses	2,887	2,673	15	17
	81,935	**77,177**	**4,984**	**4,959**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	3,634	3,929	1,817	1,965
Board of Directors	1,350	1,030	1,125	700
	4,984	**4,959**	**2,942**	**2,665**
Average number of employees	**182**	**194**	**2**	**2**

Notes to the Financial Statements

		Group		Parent	
		2021	2020	2021	2020
		kDKK	kDKK	kDKK	kDKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Amortisation of intangible assets	6,673	6,571	0	0
	Depreciation of property, plant and equipment	6,072	5,448	0	0
		12,745	**12,019**	**0**	**0**
4	**Financial expenses**				
	Interest paid to group enterprises	0	0	754	439
	Other financial expenses	3,499	1,836	480	9
	Exchange loss	469	5,079	445	318
		3,968	**6,915**	**1,679**	**766**
5	**Tax on profit/loss for the year**				
	Current tax for the year	3,667	6,333	-532	-262
	Deferred tax for the year	-553	-248	-139	0
	Adjustment of tax concerning previous years	-13	641	0	0
		3,101	**6,726**	**-671**	**-262**
	which breaks down as follows:				
	Tax on profit/loss for the year	3,058	6,693	-671	-262
	Tax on changes in equity	43	33	0	0
		3,101	**6,726**	**-671**	**-262**

Notes to the Financial Statements

6 Discontinuing activities

	Group		Parent	
	2021	2020	2021	2020
	kDKK	kDKK	kDKK	kDKK
Revenue	0	23,594	0	0
Other operating income	0	55,206	0	0
Expenses for raw materials and consumables	0	-15,192	0	0
Other external expenses	0	-710	0	0
Gross profit/loss	**0**	**62,898**	**0**	**0**
Staff expenses	0	-2,821	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	0	-372	0	0
Profit/loss before tax	**0**	**59,705**	**0**	**0**
Tax on profit/loss for the year	0	-18,337	0	0
Profit/loss from discontinuing activities	**0**	**41,368**	**0**	**0**
Cash flows from investing activities	0	4,871	0	0
Cash flows from financing activities	0	102,224	0	0
Cash flows relating to discontinued activities	**0**	**107,095**	**0**	**0**

Discontinuing activities includes the divestment of the Hoyer Transmission business unit in 2020.

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Acquired licenses	Goodwill	Development projects in progress
	kDKK	kDKK	kDKK	kDKK
Cost at 1 January	0	111	131,873	0
Exchange adjustment	0	19	0	0
Additions for the year	0	134	0	11,182
Transfers for the year	1,468	0	0	-1,468
Cost at 31 December	1,468	264	131,873	9,714
Impairment losses and amortisation at 1 January	0	27	31,413	0
Exchange adjustment	0	4	0	0
Amortisation for the year	102	19	6,552	0
Impairment losses and amortisation at 31 December	102	50	37,965	0
Carrying amount at 31 December	**1,366**	**214**	**93,908**	**9,714**

Development projects comprise of expenses relating the Company’s ERP-software and add-ons. The project is expected to be completed in 2022.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment
	kDKK	kDKK
Cost at 1 January	114,177	33,620
Exchange adjustment	0	734
Additions for the year	1,450	2,033
Disposals for the year	0	-753
Cost at 31 December	115,627	35,634
Impairment losses and depreciation at 1 January	30,133	22,057
Exchange adjustment	0	643
Depreciation for the year	2,263	3,809
Reversal of impairment and depreciation of sold assets	0	-753
Impairment losses and depreciation at 31 December	32,396	25,756
Carrying amount at 31 December	**83,231**	**9,878**
Including assets under finance leases amounting to	0	2,165

Notes to the Financial Statements

	Parent	
	2021	2020
	kDKK	kDKK
9 Investments in subsidiaries		
Cost at 1 January	378,182	378,182
Additions for the year	14	0
Cost at 31 December	378,196	378,182
Value adjustments at 1 January	-8,282	-64,091
Exchange adjustment	5,020	-1,225
Net profit/loss for the year	13,789	88,222
Other equity movements, net	151	117
Other adjustments	-7,660	-31,305
Value adjustments at 31 December	3,018	-8,282
Carrying amount at 31 December	**381,214**	**369,900**
Remaining positive difference included in the above carrying amount at 31 December	124,277	131,937

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Svend Hoyer A/S	Favrskov, Denmark	100%
Svend Hoyer Power Transmission (Ningbo) Co., Ltd.	Ningbo, China	100%
Ningbo Beilun Hoyer Electrical Machinery Co., Ltd.	Ningbo, China	100%
LAAMA Ejendomme A/S	Favrskov, Denmark	100%
Svend Hoyer AS	Larvik, Norway	100%
Svend Höyer AB	Stockholm, Sweden	100%
Svend Hoyer GmbH	Munich, Germany	100%
Hoyer B.V.	Rotterdam, Holland	100%
Hoyer Inc.	Texas, United States of America	100%
Hoyer Sp. Zoo	Tarnów, Poland	100%

Notes to the Financial Statements

10 Other fixed asset investments

	Group
	Deposits
	kDKK
Cost at 1 January	343
Exchange adjustment	3
Cost at 31 December	346
Carrying amount at 31 December	**346**

11 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

12 Distribution of profit

	Parent	
	2021	2020
	kDKK	kDKK
Reserve for net revaluation under the equity method	-2,153	0
Retained earnings	3,161	57,300
	1,008	**57,300**

13 Provision for deferred tax

	Group		Parent	
	2021	2020	2021	2020
	kDKK	kDKK	kDKK	kDKK
Provision for deferred tax at 1 January	11,989	12,237	0	0
Amounts recognised in the income statement for the year	-553	-248	-139	0
Provision for deferred tax at 31 December	**11,436**	**11,989**	**-139**	**0**

Notes to the Financial Statements

14 Other provisions

The Company provides warranties on some of its products and is therefore obliged to repair or replace goods which are not satisfactory in the warranty period. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims.

	Group 2021	Group 2020	Parent 2021	Parent 2020
	kDKK	kDKK	kDKK	kDKK
Other provisions	1,100	1,850	0	0
	1,100	**1,850**	**0**	**0**

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 2021	Group 2020	Parent 2021	Parent 2020
	kDKK	kDKK	kDKK	kDKK
Mortgage loans				
After 5 years	22,307	24,406	0	0
Between 1 and 5 years	8,175	8,125	0	0
Long-term part	30,482	32,531	0	0
Within 1 year	2,014	2,052	0	0
	32,496	**34,583**	**0**	**0**
Credit institutions				
Between 1 and 5 years	386	772	0	0
Long-term part	386	772	0	0
Within 1 year	387	388	0	0
Other short-term debt to credit institutions	161,847	65,030	0	0
Short-term part	162,234	65,418	0	0
	162,620	**66,190**	**0**	**0**
Deposits				
After 5 years	1,157	1,235	0	0
Long-term part	1,157	1,235	0	0
Within 1 year	0	0	0	0
	1,157	**1,235**	**0**	**0**

Notes to the Financial Statements

15 Long-term debt (continued)

	Group		Parent	
	2021	2020	2021	2020
	kDKK	kDKK	kDKK	kDKK
Other payables				
Between 1 and 5 years	5,828	3,040	0	0
Long-term part	5,828	3,040	0	0
Other short-term payables	42,685	34,322	12,178	14,351
	48,513	**37,362**	**12,178**	**14,351**

16 Derivative financial instruments

Derivative financial instruments contracts in the form of interest caps have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

Other receivables	108	0	0	0
Other payables	76	161	0	0

Forward exchange contracts have been concluded to hedge future purchase of goods in CNY. At the balance sheet date, the fair value of the forward exchange contracts amounts to kDKK 108. The forward exchange contracts have a term of 1-6 months for an amount of kCNY 8,000.

Interest rate swap contracts have been concluded to hedge future interest payments on floating rate loans. The contracts have a term of 2 years. Under the contracts, an interest rate of -0.18 % is exchanged for a fixed rate of interest of 4.98 % on loans with a principal amount of DKK 1.0 million. At the balance sheet date, the fair value of the interest rate swap contracts amounts to kDKK -76.

Notes to the Financial Statements

	Group 2021	Group 2020
	kDKK	kDKK
17 Cash flow statement - adjustments		
Financial income	-5,014	-1,683
Financial expenses	3,968	6,915
Depreciation, amortisation and impairment losses, including losses and gains on sales	12,745	12,019
Tax on profit/loss for the year	3,101	6,726
Other adjustments	194	150
	14,994	**24,127**

	Group 2021	Group 2020
18 Cash flow statement - change in working capital		
Change in inventories	-85,375	32,261
Change in receivables	-34,906	46,668
Change in other provisions	-750	50
Change in trade payables, etc	46,679	-37,961
	-74,352	**41,018**

	Group		Parent	
	2021	2020	2021	2020
	kDKK	kDKK	kDKK	kDKK
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 book value of	83,231	84,044	0	0
Rental and lease obligations				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	10,151	5,038	0	0
Between 1 and 5 years	23,241	8,143	0	0
After 5 years	1,304	0	0	0
	34,696	**13,181**	**0**	**0**

Notes to the Financial Statements

19 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Company has provided guarantee for Sydbank's credit facilities with Svend Hoyer A/S and Svend Hoyer GmbH. The credit facilities is maximized to DKK 180 million of which DKK 161.5 million is drawn at 31 December 2021. Further, the company has provided guarantee for Sydbank's credit facilities with LAAMA Ejendomme A/S, Svend Hoyer AS, Svend Höyer AB and Hoyer B.V., of which DKK 1.0 million is drawn at 31 December 2021.

Sydbank has pledged security in the shares of Svend Hoyer A/S for loans and credit facilities with Hoyer Group A/S, Svend Hoyer A/S and Svend Hoyer GmbH. The credit facilities are maximized to DKK 180 million of which DKK 161.5 million is drawn at 31 December 2021.

Sydbank has pledged security in receivables from shareholders for all engagement with Svend Hoyer A/S and Svend Hoyer GmbH. The receivables amounts to DKK 153.3 million at 31 December 2021.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the 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 Company's liability.

20 Related parties

	Basis
Controlling interest	
Xilos Co-Investment No. 1 Separate Limited Partnership Jersey United Kingdom	Ultimate parent company

Notes to the Financial Statements

20 Related parties (continued)

Transactions

During the year, the Company had the following transactions with its subsidiaries:

	Parent	
	2021	2020
	kDKK	kDKK
Management fee, income	3,797	4,678
Financial expenses	-754	-439

21 Fee to auditors appointed at the general meeting

	Group	
	2021	2020
	kDKK	kDKK
PricewaterhouseCoopers		
Audit fee	473	454
Tax advisory services	5	0
Other services	205	1,126
	683	**1,580**
Other auditors		
Audit fee	118	120
Tax advisory services	38	19
	156	**139**
	839	**1,719**

22 Subsequent events

The invasion by Russia of Ukraine and the developments in the imposition of sanctions on Russia will have impact on the development in 2022. Hoyer have a smaller exposure to the Russian and Ukrainian markets and expects that a small number of orders will be cancelled. This means that the direct impact only will be minor. It is however likely that secondary effects of increasing metal prices and freight costs will put pressure on gross margins unless mitigating actions are taken, and Hoyer is monitoring this development closely.

Notes to the Financial Statements

23 Accounting Policies

The Annual Report of Hoyer Group A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in kDKK.

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, Hoyer Group 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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.

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. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. 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.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance

23 Accounting Policies (continued)

sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

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 rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Notes to the Financial Statements

23 Accounting Policies (continued)

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service 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 service.

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

Notes to the Financial Statements

23 Accounting Policies (continued)

Expenses for raw materials and consumables

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, change in inventories of finished goods, work in progress and goods for resale, other operating income, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes 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 changes in deferred tax for the year. The tax attributable to the profit for the 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 wholly owned Danish and foreign subsidiaries. The tax effect of the

Notes to the Financial Statements

23 Accounting Policies (continued)

joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

Costs of development projects comprise expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 7 years.

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is years. Software licences are amortised over the period of the agreement, which is years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 20 years. determined on the basis of Management's experience with the individual business areas. The estimated useful life has been determined by taking into consideration the business platform acquired, including a strong brand and reputatation as well as very loyal customers.

Notes to the Financial Statements

23 Accounting Policies (continued)

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:

Buildings	30	years
Other fixtures and fittings	3-10	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 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.

Investments in subsidiaries

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

The item"Investments in subsidiaries" 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 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 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.

Subsidiaries 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.

Notes to the Financial Statements

23 Accounting Policies (continued)

Other fixed asset investments

Other fixed asset investments consist of deposit.

Inventories

Inventories are measured at the lower of cost under the FIFO method 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. 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.

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

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 legisla-

Notes to the Financial Statements

23 Accounting Policies (continued)

tion 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

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.

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.

Notes to the Financial Statements

23 Accounting Policies (continued)

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”.

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

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$