

Hydraulicco Upgrade A/S

Rådhusgade 87, 8300 Odder
CVR no. 38 58 36 11

Annual report for 2020

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 26.04.21

Michael Gregers Mortensen
Dirigent



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The company

Hydraulicco Upgrade A/S
Rådhusgade 87
8300 Odder
Registered office: Odder
CVR no.: 38 58 36 11
Financial year: 01.01 - 31.12

Executive Board

Bjarne Ravn Sørensen

Board of Directors

Michael Gregers Mortensen
Lars Bugge
Jens Spaabæk Salling
Lise Spaabæk Salling Stokkebro

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement of the Board of Directors and Executive Board on the annual report

We have on this day presented the annual report for the financial year 01.01.20 - 31.12.20 for Hydraulic Upgrade A/S.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the the company's assets, liabilities and financial position as at 31.12.20 and of the results of the the company's activities for the financial year 01.01.20 - 31.12.20.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Odder, April 26, 2021

Executive Board

Bjarne Ravn Sørensen

Board Of Directors

Michael Gregers Mortensen
Chairman

Lars Bugge

Jens Spaabæk Salling

Lise Spaabæk Salling Stokkebro

To the Shareholder of Hydraulic Upgrade A/S**Opinion**

We have audited the financial statements of Hydraulic Upgrade A/S for the financial year 01.01.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.20 and of the results of the company's operations for the financial year 01.01.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the 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 regarding the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not cover management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

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

Aarhus, April 26, 2021

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Jesper Resdal Thomsen
State Authorized Public Accountant
MNE-no. mne34536

Primary activities

The company's activities comprise of reconstructions and upgrading of hydraulic presses from different manufacturers.

Development in activities and financial affairs

The income statement for the period 01.01.20 - 31.12.20 shows a profit/loss of DKK 2,025,503 against DKK 2,688,000 for the period 01.01.19 - 31.12.19. The balance sheet shows equity of DKK 2,949,075.

The management considers the net profit for the year to be satisfactory.

Outlook

The company expects a positive growth and a result in 2021 on level with the result in 2020. The result for 2021 is expected to be affected in a lesser extent by the global pandemic COVID-19.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note	2020 DKK	2019 DKK
Gross profit	2,665,709	2,329,382
Depreciation and impairments losses of property, plant and equipment	-18,184	-18,184
Profit before net financials	2,647,525	2,311,198
1 Financial income	126,366	26,703
2 Financial expenses	-175,495	-28,621
Profit before tax	2,598,396	2,309,280
Tax on profit for the year	-572,893	378,720
Profit for the year	2,025,503	2,688,000
 Proposed appropriation account		
Proposed dividend for the financial year	2,000,000	3,000,000
Retained earnings	25,503	-312,000
Total	2,025,503	2,688,000

ASSETS	31.12.20 DKK	31.12.19 DKK
Other fixtures and fittings, tools and equipment	18,186	36,370
Total property, plant and equipment	18,186	36,370
Total non-current assets	18,186	36,370
³ Work in progress for third parties	224,323	0
Trade receivables	1,354,679	1,428,300
Receivables from group enterprises	4,620,833	2,088,311
Deferred tax asset	621,419	1,199,760
Other receivables	24,763	0
Total receivables	6,846,017	4,716,371
Cash	691,700	2,035,074
Total current assets	7,537,717	6,751,445
Total assets	7,555,903	6,787,815

EQUITY AND LIABILITIES		31.12.20	31.12.19
Note		DKK	DKK
	Share capital	500,000	500,000
	Cash flow hedging reserve	19,315	0
	Retained earnings	429,760	404,257
	Proposed dividend for the financial year	2,000,000	3,000,000
	Total equity	2,949,075	3,904,257
4	Other provisions	179,236	168,769
	Total provisions	179,236	168,769
3	Prepayments received from work in progress for third parties	358,186	1,818,605
	Trade payables	239,730	614,577
	Payables to group enterprises	3,047,231	0
	Other payables	782,445	281,607
	Total short-term payables	4,427,592	2,714,789
	Total payables	4,427,592	2,714,789
	Total equity and liabilities	7,555,903	6,787,815
5	Fair value information		
6	Derivative financial instruments		
7	Contingent liabilities		
8	Charges and security		

Statement of changes in equity

Figures in DKK	Share capital	Cash flow hedging reserve	Retained earnings	Proposed dividend for the financial year	Total equity
Statement of changes in equity for 01.01.20 - 31.12.20					
Balance as at 01.01.20	500,000	0	404,257	3,000,000	3,904,257
Fair value adjustment of hedging instruments	0	19,315	0	0	19,315
Dividend paid	0	0	0	-3,000,000	-3,000,000
Net profit/loss for the year	0	0	25,503	2,000,000	2,025,503
Balance as at 31.12.20	500,000	19,315	429,760	2,000,000	2,949,075

	2020	2019
	DKK	DKK

1. Financial income

Interest, group enterprises	50,585	26,703
Other financial income	75,781	0
Total	126,366	26,703

2. Financial expenses

Interest, group enterprises	45,339	0
Other financial expenses total	130,156	28,621
Total	175,495	28,621

3. Work in progress for third parties

Work in progress for third parties	6,407,030	1,446,211
On-account invoicing	-6,540,893	-3,264,816
Work in progress for third parties	-133,863	-1,818,605
Work in progress for third parties	224,323	0
Prepayments received from work in progress for third parties, short-term payables	-358,186	-1,818,605
Total	-133,863	-1,818,605

	31.12.20	31.12.19
	DKK	DKK

4. Other provisions

Other provisions are expected to be distributed as follows:

Current liabilities	179,236	168,769
Total	179,236	168,769

5. Fair value information

Figures in DKK	Derivative financial instruments	Total
Fair value as at 31.12.20	24,763	24,763
Changes for the year of fair value recognised in equity	24,763	24,763

6. Derivative financial instruments

The Board of Directors lays down the framework for the conclusion of contracts for derivative financial instruments. The company concludes contracts for the sole purpose of hedging the currency risk on the future sale of goods in foreign currency. At the end of a 2019, a future sale of goods of USD 46k was secured for a period of up to 3 months. The fair value of the forward exchange contracts amounts to DKK 25k as at 31.12.20, and the unrealised net gain before tax recognised in equity as at 31.12.20 also constitutes DKK 25k. Forward exchange contracts are only concluded with counterparties (Danish banks) with a good credit score from a reputable credit rating agency.

7. Contingent liabilities

Other contingent liabilities

The company is taxed jointly with the other companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

8. Charges and security

As security for debt to credit institutions of DKK 0k, a company charge has been provided comprising inventories and trade receivables as well as other ancillary materials. The total carrying amount of the comprised assets is DKK 1.355k.

9. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

Change in accounting policies

The company has implemented amendments to the Danish Financial Statements Act, see act no. 1716 amending the Danish Financial Statements Act of 27 December 2018 (*lov nr. 1716 om ændring af årsregnskabsloven m.v. af 27. december 2018*). This includes new and amended disclosure and presentation requirements and amendments to provisions on recognition, measurement and classification. Amendments to provisions on recognition, measurement and classification are as follows:

Cash flow hedging reserve

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) must be recognised in equity under the cash flow hedging reserve rather than under retained earnings. The reserve is distributable. The reserve is measured less deferred tax and is dissolved when the hedged transaction occurs, or it is no longer expected to occur. The comparative figures have been restated in accordance with the new accounting policy. The change in accounting policy has no impact on the net profit/loss for the year, balance sheet total or equity.

Except for the areas mentioned above, the accounting policies have been applied consistently with the previous year.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

9. Accounting policies - continued -

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

9. Accounting policies - continued -

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

INCOME STATEMENT**Gross profit**

Gross profit comprises revenue and raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

9. Accounting policies - continued -**Depreciation and impairment losses**

The depreciation of property, plant and equipment aim at systematic depreciation over the expected useful lives of the assets. Assets are depreciated according to the straight-line method based on the following expected useful lives and residual values:

	Useful life, year	Residual value, per cent
Other plant, fixtures and fittings, tools and equipment	5	0

The basis of depreciation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Property, plant and equipment are impaired in accordance with the accounting policies referred to in the 'Impairment losses on fixed assets' section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

9. Accounting policies - continued -**BALANCE SHEET****Property, plant and equipment**

Property, plant and equipment comprise other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

9. Accounting policies - continued -

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Cash

Cash includes deposits in bank accounts as well as operating cash.

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

9. Accounting policies - continued -

Provisions

Other provisions comprise expected expenses incidental to loss on work in progress, restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.