

**ALFA LAVAL AALBORG HEADER-COIL COMPANY A/S**

**HJULMAGERVEJ 55, 9000 AALBORG**

**ANNUAL REPORT**

**1 JANUARY - 31 DECEMBER 2023**

**The Annual Report has been presented and  
adopted at the Company's Annual General  
Meeting on 3 April 2024**

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**Johan André K Vanhoren**

**CVR NO. 42 78 20 76**

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**COMPANY DETAILS**

<b>Company</b>	Alfa Laval Aalborg Header-coil Company A/S Hjulmagervej 55 9000 Aalborg
	CVR No.: 42 78 20 76 Established: 15 October 2021 Municipality: Aalborg Financial Year: 1 January - 31 December
<b>Board of Directors</b>	Johan André K Vanhoren, chairman Claus Christensen Martin Jonas Jönsson Svante Bundgaard
<b>Executive Board</b>	Svante Bundgaard
<b>Auditor</b>	EY Godkendt Revisionspartnerselskab Østre Havnegade 65 9000 Aalborg
<b>Bank</b>	Nordea Algade 41-51 9000 Aalborg

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Alfa Laval Aalborg Header-coil Company A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Aalborg, 3 April 2024

Executive Board

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Svante Bundgaard

Board of Directors

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Johan André K Vanhoren  
Chairman

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Claus Christensen

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Martin Jonas Jönsson

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Svante Bundgaard

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholder of Alfa Laval Aalborg Header-coil Company A/S

#### Opinion

We have audited the financial statements of Alfa Laval Aalborg Header-coil Company A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet 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 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' 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.

#### 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 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 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 Statements Act. We did not identify any material misstatement of the Management's review.

Aalborg, 3 April 2024

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Hans B. Vistisen  
State Authorised Public Accountant  
MNE no. mne23254

Chris Mark  
State Authorised Public Accountant  
MNE no. mne42788

## MANAGEMENT'S REVIEW

### **Main activity**

Alfa Laval Aalborg Header-coil Company A/S' main activities are related to engineering, design and delivery of heat exchangers within the field of energy - in particular for renewable energy and energy storage applications.

### **Activity Development and Financial Conditions**

The company has been engaged in development of energy storage and solar power plants, and supplied engineering related to heat exchangers. The primary driver being that the application of the company's services and products is the energy storage market, which is a market still maturing. In the market several projects planned for the year have been postponed for later years due to re-design of capacity, external funding etc.

In view of the market maturity level, the management considers the financial result for the year to be satisfactory.

### **Significant events after the end of the financial year**

No events of special significance have occurred, which are expected to have material impact on the financial position or results of operations of Alfa Laval Aalborg Header-coil Company A/S.

### **Research and development activities**

The continued focus of the company is development of header-and-coil heat exchangers.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

	Note	2023 DKK	2022 DKK '000
<b>GROSS PROFIT</b> .....		<b>1.386.867</b>	<b>2.698</b>
Staff costs.....	1	-3.766.741	-3.415
Depreciation, amortisation and impairment losses.....		-7.689.528	-7.568
<b>OPERATING LOSS</b> .....		<b>-10.069.402</b>	<b>-8.285</b>
Other financial expenses.....	2	-242.127	-676
<b>LOSS BEFORE TAX</b> .....		<b>-10.311.529</b>	<b>-8.961</b>
Tax on profit/loss for the year.....	3	2.275.338	2.050
<b>LOSS FOR THE YEAR</b> .....		<b>-8.036.191</b>	<b>-6.911</b>
<b>PROPOSED DISTRIBUTION OF PROFIT</b>			
Retained earnings.....		-8.036.191	-6.911
<b>TOTAL</b> .....		<b>-8.036.191</b>	<b>-6.911</b>

## BALANCE SHEET AT 31 DECEMBER

ASSETS	Note	2023 DKK	2022 DKK '000
Development projects completed.....		1.539.009	1.219
Know-how, software etc.....		55.761.790	62.793
Goodwill.....		3.958.333	4.458
<b>Intangible assets.....</b>	<b>4</b>	<b>61.259.132</b>	<b>68.470</b>
<b>NON-CURRENT ASSETS.....</b>		<b>61.259.132</b>	<b>68.470</b>
Trade receivables.....		0	74
Other receivables.....		87.829	70
Corporation tax receivable.....		0	2.954
<b>Receivables.....</b>		<b>87.829</b>	<b>3.098</b>
<b>Cash.....</b>		<b>304.602</b>	<b>464</b>
<b>CURRENT ASSETS.....</b>		<b>392.431</b>	<b>3.562</b>
<b>ASSETS.....</b>		<b>61.651.563</b>	<b>72.032</b>
<b>EQUITY AND LIABILITIES</b>			
Share Capital.....		1.000.000	1.000
Reserve for development costs.....		1.200.426	951
Retained earnings.....		41.515.875	49.802
<b>EQUITY.....</b>		<b>43.716.301</b>	<b>51.753</b>
Provision for deferred tax.....		7.777.309	10.853
<b>PROVISIONS.....</b>		<b>7.777.309</b>	<b>10.853</b>
Contract work in progress.....	5	6.429	6
Trade payables.....		239.412	141
Debt to Group companies.....		0	8.685
Payables to owners.....		9.300.508	0
Other liabilities.....		611.604	594
<b>Current liabilities.....</b>		<b>10.157.953</b>	<b>9.426</b>
<b>LIABILITIES.....</b>		<b>10.157.953</b>	<b>9.426</b>
<b>EQUITY AND LIABILITIES.....</b>		<b>61.651.563</b>	<b>72.032</b>
Contingencies etc.	6		
Information about consolidated financial statements	7		

## EQUITY

	Share capital	Reserve for development costs	Retained earnings	Total
Equity at 1 January 2023.....	1.000.000	950.958	49.801.534	51.752.492
Proposed profit allocation.....			-8.036.191	-8.036.191
<b>Other legal bindings</b>				
Capitalized development costs.....		249.468	-249.468	0
<b>Equity at 31 December 2023.....</b>	<b>1.000.000</b>	<b>1.200.426</b>	<b>41.515.875</b>	<b>43.716.301</b>

## NOTES

	2023 DKK	2022 DKK '000	Note
<b>Staff costs</b>			<b>1</b>
Number of full time employees	4	4	
Wages and salaries.....	3.524.940	3.123	
Pensions.....	189.606	187	
Social security costs.....	31.630	23	
Other staff costs.....	20.565	82	
	<b>3.766.741</b>	<b>3.415</b>	
<b>Other financial expenses</b>			<b>2</b>
Group enterprises.....	138.598	668	
Other interest expenses.....	103.529	8	
	<b>242.127</b>	<b>676</b>	
<b>Tax on profit/loss for the year</b>			<b>3</b>
Calculated tax on taxable income of the year.....	0	-2.954	
Adjustment of deferred tax.....	-2.275.338	904	
	<b>-2.275.338</b>	<b>-2.050</b>	
<b>Intangible assets</b>			<b>4</b>
	Development projects completed	Know-how, software etc.	Goodwill
Cost at 1 January 2023.....	1.255.665	70.407.631	5.000.000
Additions.....	478.105	0	0
<b>Cost at 31 December 2023.....</b>	<b>1.733.770</b>	<b>70.407.631</b>	<b>5.000.000</b>
Amortisation at 1 January 2023.....	36.487	7.614.587	541.667
Amortisation for the year.....	158.274	7.031.254	500.000
<b>Amortisation at 31 December 2023.....</b>	<b>194.761</b>	<b>14.645.841</b>	<b>1.041.667</b>
<b>Carrying amount at 31 December 2023.....</b>	<b>1.539.009</b>	<b>55.761.790</b>	<b>3.958.333</b>

## NOTES

## Note

**Intangible fixed assets (continued)**

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Alfa Laval Aalborg Header-coil Company A/S capitalizes its development costs of new developed products / technologies.

It is crucial for Alfa Laval Aalborg Header-coil Company A/S to offer its customers innovative solutions. Therefore, we continuously are focusing on possible improvement to our product program enabling us to provide a broader and more innovative product palette.

Completed development projects comprise development of new systems and products within heat exchangers. The capitalised cost is related to internal and external costs for wages and salaries that can be directly attributed to the development of the systems.

Management has high expectations for the use of the system and has not found any indications of impairment needs in relation to the carrying amount.

Goodwill arises from acquisitions, including strategically acquired companies with strong market power and long-term earnings profile.

The depreciation period is determined on the basis of the expected lifetime of synergies related to the acquisition of activities.

	2023 DKK	2022 DKK '000
<b>Contract work in progress</b>		
Sales value of completed work.....	767.801	768
Progress invoicing/advances received.....	-774.230	-774
<b>Contract work in progress, net.....</b>	<b>-6.429</b>	<b>-6</b>
 Contract work in progress (liability).....	 -6.429	 -6
	<b>-6.429</b>	<b>-6</b>

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**Contingencies etc.**

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**Joint liabilities**

The Company was until 31 July 2023 jointly taxed with its parent company, BKH Holding I ApS, which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

The Company is from 1 August 2023 jointly taxed with Alfa Laval Kolding A/S which acts as management company, and has limited and alternative liability together with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends falling due for payment.

Tax payable on the Group's joint taxable income is stated in the annual report of BKH Holding I ApS and Alfa Laval Kolding A/S, which serves as management Companies for the joint taxation for the financial year 2023.

**NOTES****Note****Information about consolidated financial statements****7**

Alfa Laval Aalborg Header-coil Company A/S is included in the consolidated financial statements of Alfa Laval AB, Sweden, which is the largest and smallest group in which the Company is a subsidiary. The consolidated accounts of Alfa Laval AB is available on <https://www.alfalaval.com/investors/>

## ACCOUNTING POLICIES

The Annual Report of Alfa Laval Aalborg Header-coil Company A/S for 2023 has been presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class B and certain provisions applying to reporting class C.

The Annual Report is prepared consistently with the accounting principles applied last year.

### Presentation currency

The financial statements are presented in Danish Kroner (DKK).

### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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 date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currency are measured at the exchange rate at the transaction date.

## INCOME STATEMENT

### Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Income from 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 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.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

### Gross profit

The items revenue, cost of sales, work performed for own account and capitalised and other external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

### Cost of sales

Cost of sales comprise costs incurred to achieve the net revenue for the year, including direct and indirect costs of raw materials and consumables.

## ACCOUNTING POLICIES

### Other external expenses

Other external expenses include cost of sales, advertising, administration, buildings, bad debts, operational lease expenses, etc.

### Work performed for own account and capitalised

Work performed for own account and capitalised comprise staff costs related to fixed assets.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

### Depreciation, amortisation and impairment losses

The item comprises amortisation/depreciation and impairment of intangible assets.

The cost net of the expected residual value for completed development projects and acquired know-how, software etc. is amortised over the expected useful life. Know-how, software etc. rights include patents, rights and licences.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Development project 5 years

Goodwill 10 years

Know-how, software etc. 10 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Gains and losses on the disposal of intangible assets are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating expenses, respectively.

### Financial income and expenses

Financial income and expenses include interest income and expenses, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

The Company and its Danish group entities are jointly taxed. 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.

## ACCOUNTING POLICIES

### BALANCE SHEET

#### Intangible fixed assets

Acquired goodwill is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over the expected useful life which is estimated to 10 years. The period of amortisation is determined based on an assessment of the acquired Company's position in the market and earnings profile, and the industry-specific conditions.

Know-how and software etc are measured at the lower of cost less accumulated amortisation and the recoverable amount. Know-how and software etc are amortised on a straight-line basis over the expected useful life which is estimated to 10 years.

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

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

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

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

#### Impairment of fixed assets

The carrying amount of intangible fixed assets, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

#### Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable is impaired.

## ACCOUNTING POLICIES

### Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

### 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.

#### Proposed dividend

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration data). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

The Company has chosen IAS 39 as interpretation for liabilities.

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, 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.

Other liabilities are measured at net realisable value.