

CO2OLTEC Commercial Refrigeration Denmark ApS

Industrivej 21, 8260 Viby J
CVR No. 83 69 37 11

Annual Report for 2023/24

The Annual Report was presented and adopted at the
Annual General Meeting of the Company on / - 2025.

Chairman

Signed by:

Thomas Andersen

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Management's Statement on the Annual Report

The Executive and Supervisory Boards have today considered and adopted the Annual Report of Carrier Refrigeration Denmark ApS for the financial year 1 December 2023 - 31 December 2024.

The Annual Report was prepared in accordance with the Danish Financial Statements Act.

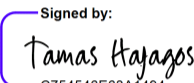
In our opinion the Annual Report gives a true and fair view of the financial position as of 31 December 2024, and the results of operations and cash flows of the Company for 2023/24.

The management review contains in our opinion a true account of the matters dealt with in the review.

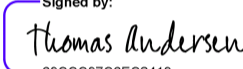
We recommend that the Annual Report be adopted at the Annual General Meeting.

Viby, 25/6 - 2025

Executive Board

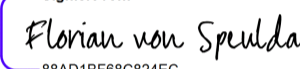
Signed by:

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Tamas Zoltan Hajagos

Supervisory Board

Signed by:

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Thomas Jurs Andersen
Chairman

Signed by:

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Tamas Zoltan Hajagos

Signiert von:

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Florian von Speulda

Independent Auditor's Report

To the Shareholders of CO2OLTEC Commercial Refrigeration Denmark ApS

Opinion

We have audited the financial statements of CO2OLTEC Commercial Refrigeration Denmark ApS for the financial year 1 January - 31 December 2024, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2024 and of the results of the company's operations for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements, that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of the 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 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 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 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 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 Act. We did not identify any material misstatement of management's review.

Aarhus, 25/6 - 2025

Forvis Mazars

Statsautoriseret Revisionspartnerskab

Cvr. nr. 31 06 17 41

Monica Häckert Raavig

state authorized public accountant

MNE no. Mne48484

Company Information

The Company

CO2OLTEC Commercial Refrigeration Denmark ApS
Industrivej 21
DK-8260 Viby J

Telephone +45 8655 0255
E-mail: ccsdkinfo@carrier.com
Website: www.carrier.dk

CVR No.: 83 69 37 11

Financial period: 1 December - 31 December

Municipality of reg. office: Aarhus

Shareholder

The share capital, DKK 1.000,000, is 100% owned by
CO2OLTEC Commercial Refrigeration B.V.
Nevelgaarde 50, 3436ZZ Nieuwegein, Holland

Ultimate parent company

Haier Smart Home Co., Ltd.
China

The consolidated financial report, of which the Company is part, can be obtained on inquiry to the above company or on the website www.haier.com.

Supervisory Board

Thomas Jürs Andersen, Chairman
Florian von Speulda
Tamas Zoltan Hajagos

Executive Board

Tamas Zoltan Hajagos

Auditors

Forvis Mazars
Statsautoriseret Revisionspartnerskab
Midtermolen 1, 2. tv.
2100 København Ø
Danmark

Company Information

Bankers

Nordea
Business Banking Sjælland
Vesterbrogade 8
0900 København
Danmark

Financial Highlights

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

	1/12 2023 - 31/12 2024	1/12 2022 - 30/11 2023	1/12 2021 - 30/11 2022	1/12 2020 - 30/11 2021	1/12 2019 - 30/11 2020
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Profit/loss before financial income and expenses	2 958	3 944	2 421	3 822	3 621
Financial income and expenses	- 143	- 662	- 205	- 96	- 134
Profit/loss before tax	2 815	3 282	2 216	3 726	3 487
Net profit/loss for the year	2 526	2 518	1 728	2 993	3 854
Balance sheet					
Balance sheet total	48 417	74 516	71 744	66 606	81 140
Equity	20 383	19 723	17 206	15 478	20 485
Investment in property, plant and equipment	0	38	90	0	0
Cash flows					
Cash flows					
Cash flows from:					
- operating activities	22 528	3 727	-9 386	20 386	-4 821
- investing activities	- 18	70	- 78	0	0
- including investment in intangible assets	0	0	0	0	0
- including investment in property, plant and equipment	0	- 38	- 90	0	0
- financing activities	-12 191	-10 579	15 590	-27 223	-4 245
Change in cash and cash equivalents for the year	10 319	-6 782	6 126	-6 837	-9 066
Number of employees	51	52	57	60	58
Ratios					
Return on assets	6,1%	5,3%	3,4%	5,7%	4,5%
Solvency ratio	42,1%	26,5%	24,0%	23,2%	25,2%
Return on equity	12,6%	13,6%	10,6%	16,6%	19,1%

For definitions, see under accounting policies.

Review

Main activities

The Company's main activities are sale and installation of refrigeration cabinets and systems to the Danish market. In addition the Company provides service on cabinets and systems delivered by the Company.

CO2OLTEC Commercial Refrigeration Denmark ApS is part of the worldwide group Haier Smart Home Co., Ltd. whose refrigeration division is known under the brand name Haier.

The Company has in April 2024 established a branch in Sweden which main activity is hosting employees.

The Company has changed financial year from 1 December to 30 November to 1 January to 31 December with transaction period 1 December 2023 to 31 December 2024 due to establishment of a consolidated group.

Development in the year

Profit/Loss for the year

During the period 1 December 2022 - 30 November 2023 gross profit amounted to DKK 29.628k and during the period 1 December 2023 - 31 December 2024 increased to DKK 40.980k.

The result for the financial year 2023/24 meets the expectations at the publication of last year's financial report, where expectations was at the same level as 2022/23, approx. DKK 3.000k.

Profit before tax decreased from DKK 3.282k in 2022/23 to 2.815k in 2023/24.

Net profit after tax DKK 2.526k.

Management considers the result for the year satisfactory.

Special risks

The Company is not exposed to special risks apart from those which are normal within the industry.

Expectations for the coming year

Management expects similar activities and a positive result for 2025 at the same level as 2023/24 around DKK 3.000k.

Subsequent events

No events have accrued after the balance sheet date that have a material impact on the assessment of the financial statement.

Unusual matters

No unusual matters during the financial year 2024

Uncertainties in relation to recognition and measurement

There have been no uncertainties related to recognition and measuring during the year.

Income Statement 1 December - 31 December

	Note	2023/24 (13 months) DKK	2022/23 (12 months) DKK
Gross profit/loss	1,2	43 122 699	29 627 892
Distribution expenses	1,2	-23 657 709	-15 247 304
Administrative expenses	1,2	-16 506 706	-10 436 750
Profit/loss before financial income and expenses		2 958 284	3 943 838
Financial income		216 616	125 101
Financial expenses	3	-359 797	-787 213
Profit/loss before tax		2 815 103	3 281 726
Tax	4	- 289 566	- 764 028
Net profit/loss for the year		2 525 538	2 517 698
 Distribution of profit			
Proposed distribution of profit			
Retained earnings		2 525 538	2 517 698
		2 525 538	2 517 698

Balance Sheet 31 December

Assets

	Note	2024 DKK	2023 DKK
Goodwill		0	579 446
Intangible assets	5	0	579 446
Other fixtures and fittings, tools and equipment		31 899	73 752
Property, plant and equipment	6	31 899	73 752
Deposits		495 836	477 981
Financial assets	7	495 836	477 981
Fixed assets		527 735	1 131 179
Inventories (goods for resale)		3 304 181	3 312 111
Trade receivables		19 008 662	29 543 430
Ongoing work in progress		7 400 978	18 361 261
Receivables from group enterprises		3 602 615	18 180 237
Other receivables		481 672	457 635
Prepayments	8	638 946	397 019
Receivables		31 132 873	66 939 582
Cash at bank and in hand		13 451 755	3 133 097
Current assets		47 888 809	73 384 789
Assets		48 416 544	74 515 968

Balance Sheet 31 December

Liabilities and equity

	Note	2024 DKK	2023 DKK
Share capital		1 000 000	1 000 000
Retained earnings		19 382 972	18 723 407
Equity		20 382 972	19 723 407
Deferred tax	4	1 105 498	947 796
Corporation tax		131 864	0
Other provisions	9	6 522 133	6 792 286
Provisions		7 759 495	7 740 082
Prepayments received from customers		3 007 799	3 103 146
Trade payables		6 812 821	7 615 985
Payables to group enterprises		1 797 866	2 700 063
Loan with group enterprises		0	24 000 000
Corporation tax	4	0	899 840
Other payables		8 118 579	7 808 812
Deferred income	10	537 011	924 633
Short-term debt		20 274 076	47 052 479
Debt		20 274 076	47 052 479
Liabilities and equity		48 416 544	74 515 968
Contingent assets, liabilities and other financial obligations	11		
Related parties and ownership	12		
Accounting policies	13		

Statement of changes in the Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 December	1 000 000	18 723 407	19 723 407
Net profit/loss for the year	0	678 263	678 263
Fair Value Reserve	0	- 18 697	- 18 697
Paid dividend for the year	0	0	0
Equity at 30 November	1 000 000	19 382 972	20 382 972

The share capital consists of 4.000 shares of a nominal value of DKK 250. No shares carry any special rights.

Cash Flow Statement

	Note	2023/24 (13 months) DKK '000	2022/23 (12 months) DKK '000
Net profit/loss for the year before financial income and expenses		2 958	3 944
Amortisation and depreciation	2	621	573
Change in inventories		8	2 785
Change in receivables incl. contract work		21 229	-3 413
Change in provisions, trade payables and other payables		-1 245	1 458
Cash flows from operating activities before financial income and expenses		23 571	5 347
Financial income		217	125
Financial expenses		-360	-787
Cash flows from ordinary activities		23 428	4 685
Corporation tax paid / received		- 900	- 958
Cash flows from operating activities		22 528	3 727
Purchase of property, plant and equipment		0	- 38
Deposits		- 18	108
Cash flows from investing activities		- 18	70
Change in payables to group enterprises		-10 325	-10 579
Incorporation branch		-1 866	0
Cash flows from financing activities		-12 191	-10 579
Change in cash and cash equivalents		10 319	-6 782
Cash at 1 December		3 133	9 915
Cash 31 December		13 452	3 133
Cash are specified as follows:			
Cash at bank and in hand		13 452	3 133
Cash at 31 December		13.452	3.133

Notes to the Annual Report

	2023/24 (13 months) DKK	2022/23 (12 months) DKK
1 Staff		
Wages and salaries	45 261 929	39 139 177
Pensions	3 311 563	2 940 217
Other social security expenses	423 351	402 739
	48 996 842	42 482 133
Wages and salaries, pensions and other social security expenses are recognised in the following items:		
Cost of sales	25 521 509	28 541 920
Distribution expenses	16 712 048	10 802 603
Administrative expenses	6 763 286	3 137 610
	48 996 842	42 482 133
Average number of employees	51	52
2 Depreciation and amortization intangible and tangible fixed assets		
Depreciation and amortization of intangible and tangible fixed assets is expensed under the following headings:		
Consumption of goods (gross profit/loss)	14 394	16 667
Administrative expenses	606 906	555 800
	621 301	572 466
3 Financial expenses		
Interest paid to group enterprises	320 144	753 185
Other financial expenses	39 654	34 028
	359 797	787 213

Notes to the Annual Report

4 Tax

	Corporation tax	Provision for deferred tax	Tax according to income statement
	<u> </u>	<u> </u>	<u> </u>
Provision 1 December	899 840	947 796	0
Tax paid to parent company relating to 2022/23	- 899 840	0	0
Tax on profit/loss for the year	131 864	157 702	289 566
	<u>131 864</u>	<u>1 105 498</u>	<u>289 566</u>

5 Intangible assets

	<u>Goodwill</u>
	DKK
Cost at 1 December	<u>26 076 085</u>
Cost at 31 December	<u>26 076 085</u>
Impairment losses at 1 December	<u>8 008 000</u>
Impairment losses at 31 December	<u>8 008 000</u>
Amortisation at 1 December	17 488 639
Amortisation for the year	<u>579 446</u>
Amortisation at 31 December	<u>18 068 085</u>
Carrying amount at 31 December	<u>0</u>

Notes to the Annual Report

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 December	1 144 261
Additions for the year	0
Departures for the year	- 448 303
Cost at 31 December	<u>695 958</u>
Impairment losses and depreciation at 1 December	1 070 509
Depreciation for the year	41 853
Departure for the year	- 448 303
Impairment losses and depreciation at 31 December	<u>664 059</u>
Carrying amount at 31 December	<u>31 899</u>

	2023/24 (13 months)	2022/23 (12 months)
	DKK	DKK
7 Financial assets		
Cost at 1 December	477 981	585 885
Additions for the year	106.405	0
Disposals for the year	- 88 550	- 107 904
Carrying amount at 31 December	<u>495 836</u>	<u>477 981</u>

8 Prepayments

Prepayments comprise of prepaid expenses concerning insurance, subscriptions etc.

9 Other provisions

Guarantee provisions	<u>6 522 133</u>	<u>6 792 286</u>
Additions for the year	<u>6 522 133</u>	<u>6 792 286</u>
The provisions are expected to mature as follows:		
Within 1 year	4 983 183	5 023 324
Between 1 and 5 years	<u>1 538 950</u>	<u>1 768 962</u>
	<u>6 522 133</u>	<u>6 792 286</u>

Notes to the Annual Report

10 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

11 Contingent assets, liabilities and other financial obligations

Rental agreements and leases

Lease obligations amount to DKK 2.220 k of which DKK 984 k is due within 1 year.

The company has one signed lease which are non-callable until July 31 2026 and another which have 6 months non-callable period. The total rent obligation is DKK 1.494k of which DKK 986 k is payable in 2025.

The company has issued guarantees in relation to completed projects of DKK 8.588 k.

Supply Chain Financing

In connection with a separate agreement on Supply Chain Financing, a mortgage ban has been imposed on selected debtors.

Notes to the Annual Report

12 Related parties and ownership

	Basis
Controlling interest	
CO2OLTEC Commercial Refrigeration B.V Nevelgaarde 50, 3436ZZ Nieuwegein, Holland	Controlling shareholder
Haier Europe Appliances Holding B.V. Holland	Parent company of Carrier Transicold Scandinavia A/S
Haier Smart Home Co., Ltd. China	Ultimate parent company
Other related parties	
Thomas Jürs Andersen	Chairman of the Supervisory Board
Florian von Speulda	Member of the Supervisory Board
Tamas Zoltan Hajagos	Member of the Executive and Supervisory Boards

Transactions

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration. Transactions have been made at market conditions.

Notes to the Annual Report

13 Accounting policies

Basis of Preparation

The Annual Report of CO2OLTEC Commercial Refrigeration Denmark ApS for the period 1 December 2023 - 31 December 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to middle size enterprises of reporting class C.

The Annual Report for 2023/24 is in DKK.

The accounting policies applied remain unchanged from previous years.

The comparative figures presented in the financial statements cover a 12-month period

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 costs 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.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Danish kroner are used as the measurement currency. All other currencies are regarded as foreign currencies.

Notes to the Annual Report

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in the income statement.

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 transaction date rates are recognised in financial income and expenses in the income statement.

Corporation tax and deferred tax

Tax for the year consists of current tax for the year and 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 current tax is calculated using the current tax percentage of 22%.

The current tax receivable is recognised in the balance sheet as a receivable if too much has been paid, but current tax liabilities are recognised as short-term liabilities if they have not been paid.

Deferred tax is recognised in the balance sheet as the tax of temporary differences. The deferred tax is calculated using the tax rate which, based on the tax legislation at year end, is valid at the date when it is expected to be realised. Deferred tax assets are recognised at the value at which they are expected to be realised.

The Company is jointly taxed with the parent company Carrier Transcold Scandinavia A/S and the Danish affiliated companies hereof.

The tax effect of the joint taxation is allocated to each company in proportion to its taxable income (full allocation).

Income Statement

Gross profit

Gross profit is made up of revenue and other operating income less cost of sales.

Notes to the Annual Report

Revenue

Revenue from the sale of goods and service is recognised in the income statement provided that delivery and transfer of risk have been made to the purchaser by year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Ongoing work in progress is recognized as the completion whereby revenue equals the selling price of the work performed (Production Method). This method applies when the total income and expenses of the contract and completion at the balance sheet date can be measured reliably and it is probable that the economic benefits, including payments will flow to the company.

Other income/expense

Other operating incom and other operating expenses comprise items of a secondary nature and the main activities of the company, including gains and losses on the sale of fixed assets.

Cost of sales

Production costs include the costs incurred to obtain revenue for the year. This includes salaries, depreciation and amortization of tangible fixed assets and other direct costs.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation on property, plant and equipment, etc.

Administrative expenses

Administrative expenses include costs for management, administrative staff, office expenses, amortization of intangible and tangible fixed assets etc.

Financial income and expenses

Financial income and expenses comprise interest and realised and unrealised exchange adjustments.

Balance Sheet

Goodwill

Acquired goodwill is measured at cost less accumulated depreciation and amortization. The depreciation, which is stated as cost less impairment distributed linearly over the estimated useful life determined on the basis of management experience within the individual business areas. Depreciation over a period exceeding 5 years occurs when the acquisition time of an expected earnings-related effects beyond.

Trademarks and similar rights are measured at cost less accumulated depreciation and recoverable amount if this is lower.

Trademarks and similar rights are amortized over the remaining patent term or a shorter economic life.

Notes to the Annual Report

Equipment

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. Interest is not recognised.

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:

Other fixtures and fittings,
tools and equipment between 3-5 years

Assets costing less than DKK 33.100 are expensed in the year of acquisition.

Depreciation is recognised in the income statement under cost of sales, distribution expenses and administrative expenses, respectively.

Profit and loss in connection with current replacement of property, plant and equipment is recognised under other operating income/other operating expenses.

Impairment of fixed assets

The carrying amounts of intangibles, 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, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount, and the asset is written down to its lower recoverable amount. This impairment test is performed on an annual basis.

Inventories

Inventories are measure at the lower of cost under FIFO method and the net realisable value. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

The cost of goods for resale and consumables equals landed cost.

Obsolete goods are written down.

Notes to the Annual Report

Work in progress

Larger work in progress is measured by the value of the work performed calculated on the basis of completion. Completion is calculated as the proportion of costs incurred in relation to expected total cost of the project. When it is probable that the total of the cost of the project will exceed total revenues on a project, the expected loss is recognized in the income statement.

When the selling price cannot be reliably measured work in progress is measured at cost price or a lower net realisable value.

Progress billings are deducted from the value of sales. The individual projects are classified as receivables when the net value is positive and as liabilities when the advance payments exceed the selling price.

Cost of sales work and contracts are recognized in the income statement as they are incurred.

Other work in progress is measured at cost. Cost comprises direct materials and wages. The net realisable value of inventories is calculated at the amount expected to be generated by sale in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected sales sum.

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. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

The Company has entered into factoring arrangements under which selected receivables are sold to a third party. To the extent the Company retains a right to receive payments or remains exposed to certain risks related to the factored receivables, a corresponding receivable from the factoring counterpart is recognised.”

Prepayments

Prepayments comprise of prepaid expenses concerning insurance, subscriptions etc.

Equity

Dividend

Dividend distribution proposed by management for the year is disclosed as a separate equity item.

Provisions

Other provisions include warranty obligations in respect of repair work within the warranty period of as much as 2 years and for specific customers 5 years. In addition, the company allocates specific known cases. Provisions are measured and recognised based on experience with guarantee work.

Debts

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

Notes to the Annual Report

Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

Cash Flow Statement

The cash flow statement shows the Company'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 Company'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 and equipment as well as fixed asset investments.

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.

Explanation of financial ratios

<i>Return on assets</i>	=	$\frac{\textit{Profit before financials} \times 100}{\textit{Total assets}}$
<i>Solvency ratio</i>	=	$\frac{\textit{Equity at year end} \times 100}{\textit{Total assets}}$
<i>Return on equity</i>	=	$\frac{\textit{Net profit for the year} \times 100}{\textit{Average equity}}$

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Monica Häckert Raavig

**Forvis Mazars Statsautoriseret Revisionspartnerselskab CVR:
31061741**

Revisor

På vegne af: Forvis Mazars

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