

# Frese A/S

Sorøvej 8, DK-4200 Slagelse

## Annual Report for 2025

CVR No. 12 37 53 44

The Annual Report was presented and adopted at the  
Annual General Meeting of the company on  
04/05/2026

**Paul Thomas Gustavsson**  
Chairman of the general meeting

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## Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Frese A/S for the financial year 1 January - 31 December 2025.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2025 of the Company and of the results of the Company operations and cash flows for 2025.

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.

Slagelse, 4 May 2026

### Executive Board

**Stig Peter Agneborn**  
CEO

**Ulrich Gammelgaard**  
Chief Financial Officer

### Board of Directors

**Paul Thomas Gustavsson**  
Chairman

**Riiko Johannes Kaurola**  
Vice chairman

**Stig Peter Agneborn**

**Ulrich Gammelgaard**

**Jens Axel Johansen**  
Employee representative

**Jette Marie Sørensen**  
Employee representative

## Independent Auditor's report

To the shareholder of Frese A/S

### Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2025 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2025 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Frese A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("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 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. 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 Financial Statements Act.

Based on the work we have performed, in our view, 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 in Management's Review.

### 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.

## Independent Auditor's report

### **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.
- Plan and perform the audit to obtain sufficient appropriate audit evidence regarding the consolidated financial information of the entities or business units as a basis for forming an opinion on the Financial Statements. We are responsible for the direction, supervision and review of the audit work performed. We remain solely responsible for our audit opinion.

## Independent Auditor's report

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.

Ringsted, 4 May 2026

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

**Brian Pedersen**

State Authorised Public Accountant

mne28701

**Nikolaj Frausing Borch**

State Authorised Public Accountant

mne44062

## Company information

<b>The Company</b>	Frese A/S Sorøvej 8 DK-4200 Slagelse CVR No: 12 37 53 44 Financial period: 1 January - 31 December Municipality of reg. office: Slagelse
<b>Board of Directors</b>	Paul Thomas Gustavsson, chairman Riiko Johannes Kaurola, vice chairman Stig Peter Agneborn Ulrich Gammelgaard Jens Axel Johansen, employee representative Jette Marie Sørensen, employee representative
<b>Executive Board</b>	Stig Peter Agneborn Ulrich Gammelgaard
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

## Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

(TDKK)	2025	2024	2023	2022	2021
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	437,639	394,693	352,702	351,671	
Gross profit	160,903	135,003	110,820	105,722	95,160
Profit/loss of primary operations	35,888	29,839	23,139	24,811	31,660
Profit/loss of financial income and expenses	2,932	644	-1,669	5,228	3,675
Net profit/loss for the year	31,737	23,928	16,847	24,996	28,998
<b>Balance sheet</b>					
Balance sheet total	309,080	268,030	272,311	267,511	247,859
Investment in property, plant and equipment	17,645	11,338	4,841	4,114	5,325
Equity	78,815	177,078	189,506	175,760	158,214
<b>Cash flows</b>					
Cash flows from:					
- operating activities	11,153	25,303	33,234	19,392	8,133
- investing activities	-18,012	-19,248	-11,112	-18,078	-12,282
- financing activities	-3,970	-3,020	-19,490	-922	6,095
Change in cash and cash equivalents for the year	-10,829	3,035	2,632	392	1,946
Number of employees	144	134	112	105	84
<b>Ratios</b>					
Gross margin	36.8%	34.2%	31.4%	30.1%	
Profit margin	8.2%	7.6%	6.6%	7.1%	
Return on assets	11.6%	11.1%	8.5%	9.3%	12.8%
Solvency ratio	25.5%	66.1%	69.6%	65.7%	63.8%
Return on equity	24.8%	13.1%	9.2%	15.0%	19.8%

Due to the change in accounting policy for measuring investments in subsidiaries from the equity method to cost, the comparative figures for the years 2021 to 2023 have not been restated. Reference is made to the description in the section on Accounting Policies.

## Management's review

### Key activities

The company develops, produces, and sells dynamic control valves and associated components for heating and cooling systems within the Buildings, District Heating, Marine segments, and other HVAC-related products. The products are sold primarily to wholesalers, distributors, OEM customers, and other partners in Denmark and abroad.

Production occurs mainly in Denmark and in Frese's subsidiary in China. The company's products are sold through the Danish company and foreign subsidiaries, affiliated distributors, and partners.

### Development in the year

The income statement of the Company for 2025 shows a profit of TDKK 31,737, and at 31 December 2025 the balance sheet of the Company shows an equity of TDKK 78,815.

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

Profit before tax for 2025 amounts to 38.820 TDKK. Equity as of 31 December 2025 totals 78.815 TDKK. Revenue increased from 394.693 TDKK in 2024 to 437,639 TDKK in 2025. The development reflects higher sales volumes, price increases, and an improved product mix.

The annual report for 2024 announced an expected profit before tax of 60-65 M.DKK for 2025. The profit before tax in 2025 at 39 M.DKK is below last year's announced expectation. This is due to a change in accounting principles regarding how the value of share interests in subsidiary companies is accounted for. Up to 2024, share interests were reported in both the profit and loss statement and the balance sheet using the equity method. For 2025, the share interests in subsidiary companies have been included at historical acquisition costs. The change in accounting principle negatively impacted 2025 by approximately 11 M.DKK. Additionally, non-recurring costs associated with closing production at a minor site in Denmark negatively affected 2025.

The financial year 2024 resulted in a growth in profit before tax of TDKK 20,698, from TDKK 21,470 in 2023 to TDKK 42,268 in 2024. The increase is due to revenue growth and increased margins on sales. Fixed costs increased in 2024, primarily due to personnel costs to strengthen the organization.

### Capital resources

Cash and cash equivalents decreased from 20.657 TDKK at the end of 2024 to 9.828 TDKK at the end of 2025.

Working capital at year-end amounted to 137.512 TDKK. Key drivers include:

- Changes in inventory 10.447 TDKK,
- Changes in receivables 15.068 TDKK,
- Changes in payables 4.540 TDKK.

Cash flow from operating activities amounted to 11.153 TDKK. Investments in tangible and intangible assets totaled -18.012 TDKK. Cash flows from financing activities amounted to -3.970 TDKK.

### Foreign exchange risks

Frese A/S is exposed to EUR, GBP, USD, and CNY. Exposure to EUR is limited due to Denmark's fixed exchange rate policy. Commercial currency risks are either not hedged or are hedged only through natural hedging.

### Interest rate risks

Moderate interest rate movements are not expected to significantly affect earnings.

### Credit risks

Credit risks relate primarily to trade receivables. Customer credit risks are continuously assessed and monitored.

## Management's review

In addition, the company is exposed to general market and economic fluctuations and supply chain risks, which management continuously monitors.

### **Targets and expectations for the year ahead**

Management expects a profit before tax of 40-45 MDKK for 2026, supported by ongoing product innovation, strengthened market activity, and continued development of internal capabilities. Net sales are expected to reach 450-470 M.DKK in 2026.

### **Research and development**

Frese A/S continues to invest in product development to strengthen competitiveness. R&D investments in 2025 amounted to 12.540 TDKK.

### **External environment**

Relevant authorities have approved the company's environmental conditions (Slagelse Municipality).

### **Intellectual capital resources**

The company's work is based on professional and commercial expertise within the industry. Exceptional knowledge of dynamic string regulation, mechanical processing, and assembly, and marketing is vital to the company.

### **Statement of corporate social responsibility**

Frese A/S is aware of its corporate social responsibility in the regions and countries where it operates, as described under Main Activities above. The activities comply with national and local laws and regulations regarding employees' social conditions, environmental and climate conditions, and all applicable corporate laws and tax requirements.

Frese's work on corporate social responsibility is reflected in the company's Code of Conduct, which guides the behavior we expect from employees, suppliers, and business partners. Frese's Code of Conduct is divided into main groups with guidelines on human rights, workers' rights, health and safety, anti-corruption, competition law, sanctions compliance, environment, etc.

Since the company operates within the guidelines and requirements of Danish and international legislation and works with the values, attitudes, and policies in Frese's Code of Conduct, management assesses that the risk of the company having a significant negative impact on the environment and climate, human rights, social and employee relations, and anti-corruption and bribery is limited.

Among other things, because of our work with social responsibility, Frese A/S has not experienced any cases of (or risk of) human rights violations or corruption/bribery in connection with the company's activities in 2025.

Management expects that Frese A/S's continued work on social and employee relations, human rights, anti-corruption and bribery, and environmental relations will result in the company being perceived as an exemplary corporate citizen by both internal and external stakeholders.

We look forward to strengthening our positive work community and making a difference for our employees and the society around us. Frese will continue in 2025 with the implemented initiatives and its efforts to be an attractive workplace.

### **Environment and Climate**

The company has established processes to limit its environmental impact. From the start of product development, consideration is given to the choice of environmentally friendly materials and functions, if possible. The processes also focus on reducing waste in production and sorting residual materials and waste products so that they can later be recycled either in production or by external customers. Ongoing investments are made to reduce waste and ensure optimal material recycling.

## Management's review

The company has previously wholly phased out the use of fossil fuels in production. In addition, the company has set CO2 reduction targets based on projections from the effects of the company's implemented and planned CO2 reduction initiatives. Concerning the principles of the Science-Based Target initiative (SBTi), for companies with fewer than 500 employees, a CO2 emission reduction target of 75% in 2030 compared to 2019 has been set, as well as a target of being CO2 neutral by 2050.

In 2025, the company acquired certificates of retirement to offset all CO2 emissions from Frese A/S power consumption, thereby helping reduce global greenhouse gas emissions by supporting renewable energy sources.

The company will continue working towards measurable results in this area; no further results have been achieved in the area of environment and climate in 2025.

### **Suppliers and Human Rights**

The company typically enters long-term supplier relationships primarily in Europe or Asia. In addition to financial and quality assessments, a comprehensive evaluation of the supplier also includes assessing whether the supplier demonstrates general social responsibility. All customers and suppliers are asked to comply with Frese's Code of Conduct to address the risk of human rights, anti-corruption, and bribery violations because of the company's operations.

Every year, Frese conducts several supplier audits, during which these conditions are assessed, and corrective actions are agreed upon in the event of deviations. 2025 audits were conducted at selected, critical Far East and Turkey suppliers. Only minor corrective actions regarding the working environment have been identified. We expect to conduct similar audits at other European and Asian suppliers in 2026.

The company translates its anti-corruption and bribery policies into appropriate behavior and action by ensuring that employees know and understand the policies and their importance and by maintaining focus on this, e.g., through the exchange of Best Practices in the area. There have been no cases in 2025 where the company's policies have been violated. Frese sees the policies in this area as adequate and will continue in 2026 to govern the business according to the guidelines.

### **Social and employee relations**

At Frese, we are committed to promoting the well-being of our employees and have intensified our efforts to strengthen a diverse, inclusive, healthy, and safe working environment. Among other things, we work continuously with well-being/development interviews and well-being and APV measurements, as we recognize these as key risk factors in this area.

Frese takes responsibility for ensuring the socially sustainable development of young people and citizens who have difficulty finding a foothold in education or workplaces. We contribute to relevant vocational education and bridge the gap between citizens on the margins of society. Our commitment means that we continuously offer internships to mentally vulnerable citizens and flex-jobbers while creating a good framework for apprentices and students.

In 2025, the results of this work remain at the same good level as in previous years.

We look forward to strengthening our positive work community and making a difference for our employees and the society around us. Frese will continue in 2026 with the implemented initiatives and its efforts to be an attractive workplace.

## Management's review

### Statement on data ethics

Like other companies, Frese A/S is increasingly using data. The generally increased availability of data and better tools for data processing in connection with digitalization, including AI, open new opportunities for insight and potentially raise data ethics challenges. Frese, therefore, wants to follow a consistent data ethics line across the organization with due regard for the local context.

Frese A/S is an industrial company in a Business-to-business setup that does not have a significant degree of third-party personal information. Frese does not sell personal data; personal data is only used for the purpose for which it was collected, typically employee registration.

Data ethics work in Frese A/S occurs as an integrated part of daily management and execution and through guidelines and policies.

Frese A/S only collects and uses legitimately obtained data about the market, customers, competitors, and products.

Frese A/S will protect access to individuals' data and comply with all regulations protecting individuals' data in its operating countries. Our use of data must not discriminate against, for example, gender, race, ethnicity, or community.

Our data ethics values are, in addition:

- We only register and store personal data to the extent necessary.
- We work with data openly and transparently and strive to ensure that data is not used and presented in a way that misleads our stakeholders.
- We strive to ensure that our data provides as much value as possible to our internal and external users.
- We strive to ensure we possess the necessary skills to handle data ethics dilemmas.
- If you are in doubt, ask your manager.
- We do not use AI and automated decision-making involving personal data.
- Everyone at Frese must strive to ensure that the company's systems, including IT systems and how they are used, minimize the likelihood that unauthorized people will access the collected data.
- We strive to ensure that our business partners process data the same way we would, including following this policy.

### Unusual events

The financial position at 31 December 2025 of the Company and the results of the activities and cash flows of the Company for the financial year for 2025 have not been affected by any unusual events.

## Income statement 1 January - 31 December

<b>(TDKK)</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>
Revenue	1	437,639	394,693
Other operating income		488	13
Expenses for raw materials and consumables		-240,231	-223,222
Other external expenses		-36,993	-36,481
<b>Gross profit</b>		<b>160,903</b>	<b>135,003</b>
Staff expenses	2	-109,527	-92,253
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-15,488	-12,911
<b>Profit/loss before financial income and expenses</b>		<b>35,888</b>	<b>29,839</b>
Income from investments in subsidiaries		8,583	0
Income from investments in associates		254	306
Financial income	4	246	1,542
Financial expenses	5	-6,151	-1,204
<b>Profit/loss before tax</b>		<b>38,820</b>	<b>30,483</b>
Tax on profit/loss for the year	6	-7,083	-6,555
<b>Net profit/loss for the year</b>	<b>7</b>	<b>31,737</b>	<b>23,928</b>

## Balance sheet 31 December

### Assets

(TDKK)	Note	2025	2024
Completed development projects		24,760	27,885
Acquired other similar rights		0	0
Development projects in progress		12,540	9,184
<b>Intangible assets</b>	<b>8</b>	<b>37,300</b>	<b>37,069</b>
Land and buildings		8,870	0
Plant and machinery		28,902	23,228
Other fixtures and fittings, tools and equipment		529	555
Leasehold improvements		0	340
Property, plant and equipment in progress		2,902	6,113
<b>Property, plant and equipment</b>	<b>9</b>	<b>41,203</b>	<b>30,236</b>
Investments in subsidiaries	10	8,869	8,869
Investments in associates	11	2,887	2,634
<b>Fixed asset investments</b>		<b>11,756</b>	<b>11,503</b>
<b>Fixed assets</b>		<b>90,259</b>	<b>78,808</b>
<b>Inventories</b>	<b>12</b>	<b>87,691</b>	<b>77,244</b>
Trade receivables		74,708	59,640
Contract work in progress	13	1,297	231
Receivables from group enterprises		31,567	13,453
Receivables from associates		8,470	11,865
Other receivables		3,687	4,604
Prepayments	14	1,573	1,528
<b>Receivables</b>		<b>121,302</b>	<b>91,321</b>
<b>Cash at bank and in hand</b>		<b>9,828</b>	<b>20,657</b>
<b>Current assets</b>		<b>218,821</b>	<b>189,222</b>
<b>Assets</b>		<b>309,080</b>	<b>268,030</b>

## Balance sheet 31 December

### Liabilities and equity

(TDKK)	Note	2025	2024
Share capital	15	2,000	2,000
Reserve for net revaluation under the equity method		1,751	1,497
Reserve for development costs		29,095	28,914
Retained earnings		45,969	144,667
<b>Equity</b>		<b>78,815</b>	<b>177,078</b>
Provision for deferred tax	16	11,065	9,809
<b>Provisions</b>		<b>11,065</b>	<b>9,809</b>
Lease obligations		1,299	2,080
Payables to group enterprises		130,023	0
Other payables		1,926	1,939
<b>Long-term debt</b>	17	<b>133,248</b>	<b>4,019</b>
Lease obligations	17	773	1,303
Trade payables		24,887	20,347
Payables to group enterprises	17	25,282	27,964
Corporation tax		5,827	5,896
Other payables	17	28,605	20,973
Deferred income	18	578	641
<b>Short-term debt</b>		<b>85,952</b>	<b>77,124</b>
<b>Debt</b>		<b>219,200</b>	<b>81,143</b>
<b>Liabilities and equity</b>		<b>309,080</b>	<b>268,030</b>
Contingent assets, liabilities and other financial obligations	21		
Related parties	22		
Fee to auditors appointed at the general meeting	23		
Subsequent events	24		
Accounting policies	25		

## Statement of changes in equity

(TDKK)	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Total
Equity at 1 January	2,000	30,490	28,914	152,712	214,116
Net effect from change of accounting policy	0	-28,993	0	-8,045	-37,038
<b>Adjusted equity at 1 January</b>	<b>2,000</b>	<b>1,497</b>	<b>28,914</b>	<b>144,667</b>	<b>177,078</b>
Extraordinary dividend paid	0	0	0	-130,000	-130,000
Development costs for the year	0	0	7,153	-7,153	0
Depreciation, amortisation and impairment for the year	0	0	-6,972	6,972	0
Net profit/loss for the year	0	254	0	31,483	31,737
<b>Equity at 31 December</b>	<b>2,000</b>	<b>1,751</b>	<b>29,095</b>	<b>45,969</b>	<b>78,815</b>

## Cash flow statement 1 January - 31 December

<b>(TDKK)</b>	<b>Note</b>	<b>2025</b>	<b>2024</b>
Result of the year		31,737	23,928
Adjustments	19	19,549	18,803
Change in working capital	20	-28,332	-13,864
<b>Cash flow from operations before financial items</b>		<b>22,954</b>	<b>28,867</b>
Financial income		246	1,542
Financial expenses		-6,151	-1,204
<b>Cash flows from ordinary activities</b>		<b>17,049</b>	<b>29,205</b>
Corporation tax paid		-5,896	-3,902
<b>Cash flows from operating activities</b>		<b>11,153</b>	<b>25,303</b>
Purchase of intangible assets		-9,170	-9,208
Purchase of property, plant and equipment		-17,645	-11,339
Sale of property, plant and equipment		219	13
Loans		0	1,286
Dividends received from subsidiaries		8,584	0
<b>Cash flows from investing activities</b>		<b>-18,012</b>	<b>-19,248</b>
Reduction of lease obligations		-1,311	-1,437
Repayment of payables to group enterprises		-2,682	0
Raising of payables to group enterprises		130,023	10,417
Dividend paid		-130,000	-12,000
<b>Cash flows from financing activities</b>		<b>-3,970</b>	<b>-3,020</b>
<b>Change in cash and cash equivalents</b>		<b>-10,829</b>	<b>3,035</b>
Cash and cash equivalents at 1 January		20,657	17,622
<b>Cash and cash equivalents at 31 December</b>		<b>9,828</b>	<b>20,657</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9,828	20,657
<b>Cash and cash equivalents at 31 December</b>		<b>9,828</b>	<b>20,657</b>

## Notes to the Financial Statements

### 1. Revenue

(TDKK)	2025	2024
<b>Geographical segments</b>		
Europe	246,385	251,103
Rest of the world	191,254	143,590
	<b>437,639</b>	<b>394,693</b>
<b>Business segments</b>		
Valves products	355,812	312,639
Other products and services	81,827	82,054
	<b>437,639</b>	<b>394,693</b>

Other products and services are composed of multiple smaller business segments, which are individually below 5 % of total revenue. These have therefore not been specified further

### 2. Staff expenses

(TDKK)	2025	2024
Wages and salaries	96,763	82,510
Pensions	10,215	7,490
Other social security expenses	1,601	1,258
Other staff expenses	948	995
	<b>109,527</b>	<b>92,253</b>
Including remuneration to the Executive Board and Board of Directors:		
Executive board	6,351	5,560
Board of directors	71	247
	<b>6,422</b>	<b>5,807</b>
<b>Average number of employees</b>	<b>144</b>	<b>134</b>

The company has chosen to include costs for temporary workers as part of staff expenses, as costs for temporary workers are considered a substitute for staff expenses. Costs for temporary workers amount to DKK 2,322k in 2025 (2024: DKK 1,069k).

### 3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment

(TDKK)	2025	2024
Amortisation of intangible assets	8,939	7,887
Depreciation of property, plant and equipment	6,549	5,024
	<b>15,488</b>	<b>12,911</b>

## Notes to the Financial Statements

### 4. Financial income

(TDKK)	2025	2024
Interest from group enterprises	9	179
Other financial income	237	542
Exchange gains	0	821
	<b>246</b>	<b>1,542</b>

### 5. Financial expenses

(TDKK)	2025	2024
Interest to group enterprises	1,257	0
Other financial expenses	1,188	1,204
Exchange loss	3,706	0
	<b>6,151</b>	<b>1,204</b>

### 6. Income tax expense

(TDKK)	2025	2024
Current tax for the year	5,827	5,896
Deferred tax for the year	1,256	659
	<b>7,083</b>	<b>6,555</b>

### 7. Profit allocation

(TDKK)	2025	2024
Extraordinary dividend paid	130,000	0
Reserve for net revaluation under the equity method	254	306
Retained earnings	-98,517	23,622
	<b>31,737</b>	<b>23,928</b>

## Notes to the Financial Statements

### 8. Intangible fixed assets

(TDKK)	Completed development projects	Acquired other similar rights	Development projects in progress
Cost at 1 January	90,404	2,892	9,185
Additions for the year	1,163	0	8,007
Transfers for the year	4,652	0	-4,652
Cost at 31 December	96,219	2,892	12,540
Impairment losses and amortisation at 1 January	62,520	2,892	0
Amortisation for the year	8,939	0	0
Impairment losses and amortisation at 31 December	71,459	2,892	0
<b>Carrying amount at 31 December</b>	<b>24,760</b>	<b>0</b>	<b>12,540</b>
Amortised over	3-5 years	5 years	

Development projects in progress include the development and testing of new products for the company's markets. It is the management's assessment that there is an increasing need for products that optimize energy consumption in systems that distribute liquids. The projects in progress are for products that ensure the above optimization. Capitalized costs primarily consist of internal wage hours and external costs. The projects are progressing as planned and are expected to be completed within 1 – 2 years. Completed projects are transferred to completed development projects and written off over a 3-5 year period, taking into account the technological development in the market. The management expects a gross profit on the products and, on the basis of this, has found no indications of a need for write-downs in relation to the accounting values.

## Notes to the Financial Statements

### 9. Property, plant and equipment

(TDKK)	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
Cost at 1 January	0	91,706	6,397	2,028	6,112
Additions for the year	9,188	6,248	70	0	2,139
Disposals for the year	0	-1,269	0	0	-76
Transfers for the year	2,028	5,273	0	-2,028	-5,273
Cost at 31 December	11,216	101,958	6,467	0	2,902
Impairment losses and depreciation at 1 January	0	68,478	5,842	1,687	0
Depreciation for the year	659	5,795	96	0	0
Reversal of impairment and depreciation of sold assets	0	-1,217	0	0	0
Transfers for the year	1,687	0	0	-1,687	0
Impairment losses and depreciation at 31 December	2,346	73,056	5,938	0	0
<b>Carrying amount at 31 December</b>	<b>8,870</b>	<b>28,902</b>	<b>529</b>	<b>0</b>	<b>2,902</b>
Amortised over		10 years	3-5 years	10 years	
Including assets under finance leases amounting to	0	2,679	0	0	0

### 10. Investments in subsidiaries

(TDKK)	2025	2024
Cost at 1 January	8,869	8,869
Cost at 31 December	8,869	8,869
<b>Carrying amount at 31 December</b>	<b>8,869</b>	<b>8,869</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
Frese Armaturen GmbH	Germany	100%	4,496	1,435
Frese Ltd.	England	100%	5,222	1,101
Frese District Heating Ltd.	England	100%	0	0
Frese Valves (Ningbo) Co. Ltd.	China	100%	45,163	20,801
			<b>54,881</b>	<b>23,337</b>

## Notes to the Financial Statements

### 11. Investments in associates

(TDKK)	2025	2024
Cost at 1 January	1,136	1,137
Cost at 31 December	1,136	1,137
Value adjustments at 1 January	1,497	1,504
Exchange adjustment	0	-313
Net profit/loss for the year	254	306
Value adjustments at 31 December	1,751	1,497
<b>Carrying amount at 31 December</b>	<b>2,887</b>	<b>2,634</b>

Investments in associates are specified as follows:

Name	Place of registered office	Ownership
Frese Eurasia Dis Ticaret Limited Sirketi	Turkey	50%

### 12. Inventories

(TDKK)	2025	2024
Raw materials and consumables	8,156	6,341
Work in progress	41,852	46,733
Finished goods and goods for resale	22,477	11,728
Prepayments for goods	15,206	12,442
	<b>87,691</b>	<b>77,244</b>

### 13. Contract work in progress

(TDKK)	2025	2024
Selling price of work in progress	1,510	1,082
Payments received on account	-213	-851
	<b>1,297</b>	<b>231</b>

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	1,297	231
	<b>1,297</b>	<b>231</b>

## Notes to the Financial Statements

### 14. Prepayments

Prepayments are made up of prepaid costs relating to rent, insurance premiums, subscriptions and interest.

### 15. Share capital

The share capital consists of 200 shares of a nominal value of TDKK 10. No shares carry any special rights.

### 16. Provision for deferred tax

(TDKK)	2025	2024
Deferred tax liabilities at 1 January	9,809	9,150
Amounts recognised in the income statement for the year	1,256	659
<b>Deferred tax liabilities at 31 December</b>	<b>11,065</b>	<b>9,809</b>

### 17. 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:

(TDKK)	2025	2024
<b>Lease obligations</b>		
After 5 years	0	0
Between 1 and 5 years	1,299	2,080
Long-term part	1,299	2,080
Within 1 year	773	1,303
	<b>2,072</b>	<b>3,383</b>
<b>Payables to group enterprises</b>		
After 5 years	0	0
Between 1 and 5 years	130,023	0
Long-term part	130,023	0
Other short-term debt to group enterprises	25,282	27,964
	<b>155,305</b>	<b>27,964</b>

## Notes to the Financial Statements

### 17. Long-term debt (continued)

(TDKK)	2025	2024
<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	1,926	1,939
Long-term part	1,926	1,939
Within 1 year	5,896	0
Other short-term payables	22,709	20,973
	<b>30,531</b>	<b>22,912</b>

### 18. Deferred income

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

### 19. Cash flow statement - Adjustments

(TDKK)	2025	2024
Financial income	-246	-1,542
Financial expenses	6,151	1,204
Depreciation, amortisation and impairment losses, including losses and gains on sales	15,398	12,892
Income from investments in subsidiaries	-8,583	0
Income from investments in associates	-254	-306
Tax on profit/loss for the year	7,083	6,555
	<b>19,549</b>	<b>18,803</b>

### 20. Cash flow statement - Change in working capital

(TDKK)	2025	2024
Change in inventories	-10,447	-2,144
Change in receivables	-29,981	-8,232
Change in trade payables, etc	12,096	-3,488
	<b>-28,332</b>	<b>-13,864</b>

## Notes to the Financial Statements

### 21. Contingent assets, liabilities and other financial obligations

(TDKK)	2025	2024
<b>Charges and security</b>		
The following assets have been placed as security with bankers:		
Floating charge on nom. TDKK 0 (2024: TDKK 5,000) in simple receivables from the sale of goods and services for a total accounting value of	0	84,958
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	2,051	1,329
Between 1 and 5 years	1,748	1,221
	<b>3,799</b>	<b>2,550</b>
Rental and lease obligations	10,696	4,488

#### Other contingent liabilities

For the part of the financial year in which the Company formed part of the Danish joint taxation with the other Danish Group companies, the group companies were jointly and severally liable for tax on the jointly taxed income of the Group. The total corporation tax payable is disclosed in the Annual Report of Frese Holding ApS, which is the administrative company for joint taxation purposes. As the Company was included in the joint taxation scheme for part of the financial year, the portion of the taxable income relating to this period is therefore included in the corporation tax disclosures of Frese Holding ApS.

Furthermore, during the period in which the Company was included in the joint taxation scheme, the group companies were jointly and severally liable for Danish withholding taxes, including dividend tax, royalty tax, and tax on unearned income. Any subsequent adjustments of corporation tax or withholding taxes related to that period may increase the Company's liability.

The Company is part of the Group cash pool facility and has, as part of this, issued a guarantee towards the bank providing the facility covering the cash pool.

#### Other financial obligations

The Group has entered into fixed-price purchase agreements for the purchase of inventories. These agreements were concluded prior to the balance sheet date and represent a total commitment of TDKK 62.500.

## Notes to the Financial Statements

### 22. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
<b>Controlling interest</b>	
Vexve Oy	Parent company
<b>Transactions</b>	
The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. All transactions are considered made on an arm's length basis.	
<b>Consolidated Financial Statements</b>	
The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:	
<u>Name</u>	<u>Place of registered office</u>
Vexve Oy	Sastamala, Finland
The Group Annual Report of Vexve Oy may be obtained at the following address: Pajakatu 11, 38200 Sastamala, Finland	

### 23. Fee to auditors appointed at the general meeting

<u>(TDKK)</u>	<u>2025</u>	<u>2024</u>
<b>PRICEWATERHOUSECOOPERS STATAUTORISERET REVISIONSPARTNERSELSKAB</b>		
Audit fee	168,000	160,000
Other assurance engagements	212,500	25,000
Tax advisory services	293,368	0
Non-audit services	62,000	132,489
	<b>735,868</b>	<b>317,489</b>

### 24. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Notes to the Financial Statements

### 25. Accounting policies

The Annual Report of Frese A/S for 2025 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2025 are presented in TDKK.

#### Changes in accounting policies

The Company has changed its accounting policy for measuring investments in subsidiaries from the equity method to cost. The change has resulted in a reduction of the comparative figures for the financial year 2024, decreasing the profit for the year by TDKK 11,685.

Furthermore, the change has affected the balance sheet total in the comparative year by TDKK -37,038, which has likewise reduced equity by TDKK 37,038. The Company's cash flows have not been affected by the change in accounting policy.

#### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2025 of Vexve Oy, the Company has not prepared consolidated financial statements.

#### 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.

#### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## Notes to the Financial Statements

### 25. Accounting policies (continued)

#### 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 financial income and expenses 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 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.

#### 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 Company.

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

##### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

##### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

##### Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

##### 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 Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

## Notes to the Financial Statements

### 25. Accounting policies (continued)

#### Income from investments in subsidiaries and associates

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

The item "Income from investments in associates" 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 was part of the Danish joint taxation scheme with the Danish Group Companies for only part of the financial year. The tax effect of the joint taxation is allocated to the Danish entities included in the joint taxation during the relevant period, in proportion to their taxable income (full allocation with credit for tax losses).

### Balance sheet

#### Intangible fixed assets

##### *Development projects*

Costs of development projects comprise salaries, amortisation and other 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 enterprise 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 cost of sales, distribution and 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 5 year.

## Notes to the Financial Statements

### 25. 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:

Production buildings	20-30 years
Other buildings	20-30 years
Plant and machinery	10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	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 and investments 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 and associates

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value. Investments in associates are recognised and measured under the equity method.

The item "Investments in associates" 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 deduction or addition of unrealised intercompany profits or losses and 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 associates 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 associates.

Associates 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.

#### Other fixed asset investments

Other fixed asset investments consist of receivables measured at amortized cost or a lower net realizable value, which usually amounts to nominal value with a write-down of expected losses.

#### Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

## Notes to the Financial Statements

### 25. Accounting policies (continued)

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 and costs of completion. 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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

#### 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.

#### Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

#### Prepayments

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

#### Dividend

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

#### 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 legislation 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.

## Notes to the Financial Statements

### 25. Accounting policies (continued)

#### **Current tax receivables and liabilities**

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

#### **Financial liabilities**

Loans 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.

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

#### **Deferred income**

Deferred income comprises 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, property, plant 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.

## Notes to the Financial Statements

### 25. Accounting policies (continued)

#### Financial Highlights

##### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$