

# AH METAL SOLUTIONS A/S

Solvang 21, 3450 Allerød

Company reg. no. 83 67 26 17

## Annual report

**1 May - 31 December 2025**


The annual report was submitted and approved by the general meeting on the 31 March 2026.

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Todd Micheal Smith  
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

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 REVISORGRUPPEN DANMARK



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## Management's statement

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Today, the Board of Directors and the Executive Board have approved the annual report of AH METAL SOLUTIONS A/S for the financial year 1 May - 31 December 2025.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

We consider the chosen accounting policy to be appropriate, and 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 May – 31 December 2025.

Further, in our opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

Allerød, 31 March 2026

### Executive board

Rufino Leon

Peter Horst Fuchs

### Board of directors

Todd Michael Smith  
Chairman

Peter Horst Fuchs

Henrik Krøjberg Lodberg

Gennaro Joseph Meccariello



## Independent auditor's report

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### To the Shareholders of AH METAL SOLUTIONS A/S

#### Opinion

We have audited the financial statements of AH METAL SOLUTIONS A/S for the financial year 1 May - 31 December 2025, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity, statement of cash flows and notes, for the Company. 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 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 May - 31 December 2025 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' 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.

#### 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 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.



## Independent auditor's report

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As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

### **Statement 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.



## Independent auditor's report

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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 Statement Act. We did not identify any material misstatement of Management's Review.

Copenhagen, 31 March 2026

### **Christensen Kjarulff**

Statsautoriseret Revisionsaktieselskab  
Company reg. no. 15 91 56 41

Anders Nielsen

State Authorised Public Accountant  
mne42832



## Company information

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### The company

AH METAL SOLUTIONS A/S  
Solvang 21  
3450 Allerød

Company reg. no. 83 67 26 17  
Established: 1 April 1978  
Financial year: 1 May - 31 December

### Board of directors

Todd Michael Smith, Chairman  
Peter Horst Fuchs  
Henrik Krøjberg Lodberg  
Gennaro Joseph Meccariello

### Executive board

Rufino Leon  
Peter Horst Fuchs

### Auditors

Christensen Kjærulff  
Statsautoriseret Revisionsaktieselskab  
Østbanegade 123  
2100 København Ø

### Parent company

Associated Spring Stamping Solutions Denmark ApS



## Financial highlights

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DKK in thousands.	<u>2025</u>	<u>2024/25</u>	<u>2023/24</u>	<u>2022/23</u>	<u>2021/22</u>
<b>Income statement:</b>					
Gross profit	13.449	30.880	31.663	22.196	24.039
Profit from operating activities	-5.520	15.705	18.046	10.581	14.017
Net financials	-3	-304	-1.089	-1.161	-627
Net profit or loss for the year	-4.253	12.086	12.522	7.354	10.447
<b>Statement of financial position:</b>					
Balance sheet total	89.671	100.548	94.128	96.975	71.801
Investments in property, plant and equipment	4.313	1.869	6.124	12.487	5.516
Equity	55.814	60.067	47.455	36.633	31.879
<b>Cash flows:</b>					
Operating activities	4.313	7.297	29.663	0	0
Investing activities	-4.313	-1.952	-6.124	0	0
Financing activities	-1.665	-7.793	-14.140	0	0
<b>Employees:</b>					
Average number of full-time employees	47	50	47	44	35
<b>Key figures in %:</b>					
Solvency ratio	62,2	59,7	50,4	37,8	44,4
Return on equity	-7,3	22,5	29,8	21,5	18,5

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

$$\text{Solvency ratio} = \frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

$$\text{Return on equity} = \frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$



## Management's review

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### **Description of key activities of the company**

AH Metal Solutions A/S is a knowledge-based development company designing and manufacturing wellconsidered, intelligent, customised precision metal stamping as well as the following processes in close cooperation with our customer's development departments.

AH Metal Solutions A/S delivers an overall solution covering active development of metal components and parts - from designing and manufacturing of metal stamping tools as well as the following production to handling of the metal components and parts.

With its solution, AH Metal Solutions A/S aims at lower unit costs for the customers in the long run, either directly through the specific component or part, or as part of the following production or fitting.

Today, AH Metal Solutions A/S is well-represented within different business areas, including the medical, electronics and automotive industry, both in Denmark and abroad.

### **Uncertainties connected with recognition or measurement**

There is no uncertainty related to recognition and measurement in the presented annual report.

### **Development in activities and financial matters**

The gross profit for the year totals DKK 13.449 thousand against DKK 30.880 last year. Profit or loss from ordinary activities after tax totals DKK -4.253 thousand against DKK 12.086 last year. Management considers the net profit or loss for the year satisfactory.

### **Development for the year relative to the expectations**

The results for the year are below initial expectations, primarily due to the shortened financial period, which has limited the level of activity and revenue recognition. The reported loss should therefore be seen in the context of this abbreviated reporting period rather than as a reflection of the underlying performance of the Company.

Management considers the underlying business development to be satisfactory, and the Company has maintained a solid operational foundation throughout the period.

### **Expected developments**

Based on current forecasts and an expected full-year level of activity, Management anticipates an improved financial performance in the coming year, with results returning to a more normalized level.

### **Financial risks and the use of financial instruments**

#### *Foreign currency risks*

The Company is not subject to particular financial risks (price and interest rate risk), that are significant for the Company's assets, liabilities, financial position and net profit.



## Management's review

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### Events occurring after the end of the financial year

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



## Income statement

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All amounts in DKK.

<u>Note</u>	<u>1/5 2025 - 31/12 2025</u>	<u>1/5 2024 - 30/4 2025</u>
<b>Gross profit</b>	<b>13.448.839</b>	<b>30.879.593</b>
Administration expenses	<u>-18.969.318</u>	<u>-15.174.599</u>
<b>Operating profit</b>	<b>-5.520.479</b>	<b>15.704.994</b>
Other financial income	173.826	294.502
Other financial expenses	<u>-177.185</u>	<u>-598.768</u>
Financing, net	<u>-3.359</u>	<u>-304.266</u>
<b>Pre-tax net profit or loss</b>	<b>-5.523.838</b>	<b>15.400.728</b>
2 Tax on net profit or loss for the year	<u>1.270.830</u>	<u>-3.314.233</u>
<b>3 Net profit or loss for the year</b>	<b><u>-4.253.008</u></b>	<b><u>12.086.495</u></b>



## Balance sheet

All amounts in DKK.

<b>Assets</b>		
<u>Note</u>	<u>31/12 2025</u>	<u>30/4 2025</u>
<b>Non-current assets</b>		
4 Acquired concessions, patents, licenses, trademarks, and similar rights	57.571	75.899
Total intangible assets	57.571	75.899
5 Land and buildings	25.024.897	25.483.439
6 Plant and machinery	14.186.494	12.250.558
7 Other fixtures, fittings, tools and equipment	1.840.436	1.926.608
Total property, plant, and equipment	41.051.827	39.660.605
<b>Total non-current assets</b>	<b>41.109.398</b>	<b>39.736.504</b>
<b>Current assets</b>		
Raw materials and consumables	12.650.783	14.976.086
Work in progress	2.663.243	2.324.980
Manufactured goods and goods for resale	9.030.529	10.437.765
Total inventories	24.344.555	27.738.831
Trade receivables	16.602.199	23.800.660
Other receivables	971.215	1.006.947
8 Prepayments	393.071	350.857
Total receivables	17.966.485	25.158.464
Cash and cash equivalents	6.250.732	7.914.335
<b>Total current assets</b>	<b>48.561.772</b>	<b>60.811.630</b>
<b>Total assets</b>	<b>89.671.170</b>	<b>100.548.134</b>



## Balance sheet

All amounts in DKK.

<u>Note</u>	<u>31/12 2025</u>	<u>30/4 2025</u>
<b>Equity and liabilities</b>		
<b>Equity</b>		
Contributed capital	500.000	500.000
Retained earnings	<u>55.314.367</u>	<u>59.567.375</u>
<b>Total equity</b>	<b><u>55.814.367</u></b>	<b><u>60.067.375</u></b>
<b>Provisions</b>		
9 Provisions for deferred tax	<u>3.166.170</u>	<u>4.437.000</u>
<b>Total provisions</b>	<b><u>3.166.170</u></b>	<b><u>4.437.000</u></b>
<b>Liabilities other than provisions</b>		
Mortgage debt	4.150.625	4.533.175
Lease liabilities	5.471.121	6.605.921
Other payables	<u>3.311.874</u>	<u>3.463.874</u>
10 Total long term liabilities other than provisions	<u>12.933.620</u>	<u>14.602.970</u>
10 Current portion of long term liabilities	2.177.720	2.325.013
Trade payables	7.628.057	8.099.061
Income tax payable	2.943.608	6.217.092
Other payables	<u>5.007.628</u>	<u>4.799.623</u>
Total short term liabilities other than provisions	<u>17.757.013</u>	<u>21.440.789</u>
<b>Total liabilities other than provisions</b>	<b><u>30.690.633</u></b>	<b><u>36.043.759</u></b>
<b>Total equity and liabilities</b>	<b><u>89.671.170</u></b>	<b><u>100.548.134</u></b>
<b>1 Staff costs</b>		
<b>11 Charges and security</b>		
<b>12 Contractual obligations and contingencies, etc.</b>		
<b>13 Related parties</b>		



## Statement of changes in equity

All amounts in DKK.

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Proposed dividend for the financial year</b>	<b>Total</b>
Equity 1 May 2024	500.000	42.191.237	4.700.000	47.391.237
Distributed dividend	0	0	-4.700.000	-4.700.000
Retained earnings for the year	0	12.086.495	0	12.086.495
Group contributions	0	5.289.643	0	5.289.643
Equity 1 May 2025	500.000	59.567.375	0	60.067.375
Retained earnings for the year	0	-4.253.008	0	-4.253.008
	<b>500.000</b>	<b>55.314.367</b>	<b>0</b>	<b>55.814.367</b>



## Statement of cash flows

All amounts in DKK.

	1/5 2025 - 31/12 2025	1/5 2024 - 30/4 2025
Net profit or loss for the year	-4.253.008	12.022.741
14 Adjustments	1.691.119	8.611.725
15 Change in working capital	10.171.054	-10.930.013
Cash flows from operating activities before net financials	7.609.165	9.704.453
Interest received, etc.	154.307	247.669
Interest paid, etc.	-176.576	-552.932
Cash flows from ordinary activities	7.586.896	9.399.190
Income tax paid	-3.273.484	-2.102.260
<b>Cash flows from operating activities</b>	<b>4.313.412</b>	<b>7.296.930</b>
Purchase of intangible assets	0	-82.480
Purchase of property, plant, and equipment	-4.312.574	-1.869.161
<b>Cash flows from investment activities</b>	<b>-4.312.574</b>	<b>-1.951.641</b>
Repayments of long-term payables	-1.664.643	-8.343.625
Cash capital reduction	0	-39.402
Dividend paid	0	-4.700.000
Other cash flows from financing activities	0	5.289.644
<b>Cash flows from financing activities</b>	<b>-1.664.643</b>	<b>-7.793.383</b>
<b>Change in cash and cash equivalents</b>	<b>-1.663.805</b>	<b>-2.448.094</b>
Cash and cash equivalents at opening balance	7.914.335	10.362.628
Foreign currency translation adjustments (cash and cash equivalents)	202	-199
<b>Cash and cash equivalents at end of period</b>	<b>6.250.732</b>	<b>7.914.335</b>
<b>Cash and cash equivalents</b>		
Cash and cash equivalents	6.250.732	7.914.335
<b>Cash and cash equivalents at end of period</b>	<b>6.250.732</b>	<b>7.914.335</b>



## Notes

All amounts in DKK.

	1/5 2025 - 31/12 2025	1/5 2024 - 30/4 2025
<b>1. Staff costs</b>		
Salaries and wages	17.421.522	27.216.546
Pension costs	2.973.918	4.204.183
Other costs for social security	1.208.331	1.954.456
	<u>21.603.771</u>	<u>33.375.185</u>
Average number of employees	<u>47</u>	<u>50</u>
Referring to section 98 B, subsection 3 of the Danish Financial Statements Act, the remuneration to the executive board is not disclosed.		
<b>2. Tax on net profit or loss for the year</b>		
Tax on net profit or loss for the year	0	3.290.233
Adjustment of deferred tax for the year	-1.270.830	24.000
	<u>-1.270.830</u>	<u>3.314.233</u>
<b>3. Proposed distribution of net profit</b>		
Transferred to retained earnings	0	12.086.495
Allocated from retained earnings	-4.253.008	0
<b>Total allocations and transfers</b>	<u>-4.253.008</u>	<u>12.086.495</u>
<b>4. Acquired concessions, patents, licenses, trademarks, and similar rights</b>		
Cost opening balance	82.480	0
Additions during the year	0	82.480
<b>Cost end of period</b>	<u>82.480</u>	<u>82.480</u>
Amortisation and write-down opening balance	-6.581	0
Amortisation and depreciation for the year	-18.328	-6.581
<b>Amortisation and write-down end of period</b>	<u>-24.909</u>	<u>-6.581</u>
<b>Carrying amount, end of period</b>	<u>57.571</u>	<u>75.899</u>





## Notes

All amounts in DKK.

	<u>31/12 2025</u>	<u>30/4 2025</u>
<b>5. Land and buildings</b>		
Cost opening balance	37.423.393	36.981.986
Additions during the year	<u>72.005</u>	<u>441.407</u>
<b>Cost end of period</b>	<b><u>37.495.398</u></b>	<b><u>37.423.393</u></b>
Depreciation and write-down opening balance	-11.939.954	-11.056.071
Amortisation and depreciation for the year	<u>-530.547</u>	<u>-883.883</u>
<b>Depreciation and write-down end of period</b>	<b><u>-12.470.501</u></b>	<b><u>-11.939.954</u></b>
<b>Carrying amount, end of period</b>	<b><u>25.024.897</u></b>	<b><u>25.483.439</u></b>
<b>6. Plant and machinery</b>		
Cost opening balance	63.251.995	62.754.964
Additions during the year	<u>3.900.589</u>	<u>497.031</u>
<b>Cost end of period</b>	<b><u>67.152.584</u></b>	<b><u>63.251.995</u></b>
Depreciation and write-down opening balance	-51.001.437	-47.510.609
Amortisation and depreciation for the year	<u>-1.964.653</u>	<u>-3.490.828</u>
<b>Depreciation and write-down end of period</b>	<b><u>-52.966.090</u></b>	<b><u>-51.001.437</u></b>
<b>Carrying amount, end of period</b>	<b><u>14.186.494</u></b>	<b><u>12.250.558</u></b>
Lease assets are recognised at a carrying amount of	<u>7.184.241</u>	<u>8.511.790</u>



## Notes

All amounts in DKK.

	<u>31/12 2025</u>	<u>30/4 2025</u>
<b>7. Other fixtures, fittings, tools and equipment</b>		
Cost opening balance	11.060.007	10.369.284
Additions during the year	339.980	930.723
Disposals during the year	<u>0</u>	<u>-240.000</u>
<b>Cost end of period</b>	<b><u>11.399.987</u></b>	<b><u>11.060.007</u></b>
Depreciation and write-down opening balance	-9.133.399	-8.525.960
Amortisation and depreciation for the year	-426.152	-610.939
Reversal of depreciation, amortisation and impairment loss, assets disposed of	<u>0</u>	<u>3.500</u>
<b>Depreciation and write-down end of period</b>	<b><u>-9.559.551</u></b>	<b><u>-9.133.399</u></b>
<b>Carrying amount, end of period</b>	<b><u>1.840.436</u></b>	<b><u>1.926.608</u></b>
<b>8. Prepayments</b>		
Prepayments recongnized as assets comprise prepaid cost relating to rent, insurance, subscriptions and interest.		
<b>9. Provisions for deferred tax</b>		
Provisions for deferred tax opening balance	4.370.560	4.437.000
Deferred tax relating to the net profit or loss for the year	<u>-1.204.390</u>	<u>0</u>
	<b><u>3.166.170</u></b>	<b><u>4.437.000</u></b>
The following items are subject to deferred tax:		
Intangible assets	4.576	5.809
Property, plant, and equipment	4.056.642	3.845.653
Inventories	315.552	585.716
Liabilities other than provisions	0	-178
Trade receivables	-14.404	0
Losses carried forward to next years	<u>-1.196.196</u>	<u>0</u>
	<b><u>3.166.170</u></b>	<b><u>4.437.000</u></b>



## Notes

All amounts in DKK.

### 10. Long term liabilities other than provisions

	<b>Total payables</b>	<b>Current</b>	<b>Long term</b>	<b>Outstanding</b>
	<b>31 Dec 2025</b>	<b>portion of long</b>	<b>payables</b>	<b>payables after</b>
		<b>term payables</b>	<b>31 Dec 2025</b>	<b>5 years</b>
Mortgage debt	4.615.225	464.600	4.150.625	2.174.976
Lease liabilities	7.184.241	1.713.120	5.471.121	0
Other payables	3.311.874	0	3.311.874	0
	<b>15.111.340</b>	<b>2.177.720</b>	<b>12.933.620</b>	<b>2.174.976</b>

### 11. Charges and security

As collateral for bank loans, mortgage loans and mortgaged machinery, DKK 4,615 thousand, security has been granted on land and buildings representing a carrying amount of DKK 25,025 thousand at 31 December 2025.

A floating charge of DKK 11,000 thousand has been provided. The value of the floating charge is estimated to DKK 42,787 thousand.

### 12. Contractual obligations and contingencies, etc.

	<b>DKK in</b>
	<b>thousands</b>
Lease liabilities	315
Total contractual obligations	315
<b>Total contractual obligations and contingent liabilities</b>	<b>315</b>

#### Joint taxation

With Associated Spring Stamping Solutions Denmark ApS, company reg. no 44966077 as administration company, the company is subject to the Danish scheme of joint taxation and unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.



## Notes

All amounts in DKK.

### 12. Contractual obligations and contingencies, etc. (continued)

#### Joint taxation (continued)

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

### 13. Related parties

#### Transactions

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Associated Spring Stamping Solutions Denmark ApS, C/O PLESNER Advokatpartnerselskab, Amerika Plads 37, 2100 København Ø

	1/5 2025 - 31/12 2025	1/5 2024 - 30/4 2025
<b>14. Adjustments</b>		
Depreciation, amortisation, and impairment	2.939.680	4.992.231
Other financial income	-173.826	-247.669
Other financial expenses	177.185	552.930
Deferred tax	-1.270.830	3.314.233
Other adjustments	18.910	0
	<b><u>1.691.119</u></b>	<b><u>8.611.725</u></b>
<b>15. Change in working capital</b>		
Change in inventories	3.394.278	-8.819.289
Change in receivables	7.262.648	-3.227.001
Change in trade payables and other payables	-485.872	1.049.775
Other changes in working capital	0	66.502
	<b><u>10.171.054</u></b>	<b><u>-10.930.013</u></b>



## Accounting policies

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The annual report for AH METAL SOLUTIONS A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from the previous year, and the annual report is presented in DKK. The accounting period has been changed in the current financial year and comprises the period 1 May – 31 December 2025. The comparative figures in the income statement comprise the period 1 May 2024 – 30 April 2025.

### **Recognition and measurement in general**

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

### **Income statement**

#### **Gross profit**

Gross profit comprises revenue and production costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Revenue is measured at the fair value of the consideration promised exclusive of VAT and taxes and less any discounts relating directly to sales.



## Accounting policies

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Production costs include the manufacturing and procurement costs incurred to achieve the revenue for the year. Direct and indirect manufacturing costs are recognized, including costs for raw materials and consumables, wages and salaries, energy consumption, maintenance, leasing and depreciation on production facilities, with adjustments for changes in finished goods inventories and work in progress.

### Administration expenses

Administration expenses comprise expenses incurred during the year concerning management and administration, including expenses concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

### Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

### Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

## Statement of financial position

### Intangible assets

#### Development projects, patents, and licences

Licenses are measured at cost less accrued amortisation. Licenses are amortised over the contract period, however, for a maximum of 3 years.

### Property, plant, and equipment

Land and buildings, plant and machinery and other fixtures and fittings, tools and equipment are measured at cost plus revaluations and less accrued depreciation and write-down for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Buildings	50 years
Plant and machinery	3-10 years



## Accounting policies

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

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

### Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value of the asset being leased or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

### Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. write-down for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.



## Accounting policies

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### Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the estimated selling price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

### Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

### Prepayments

Prepayments recognised under assets comprise incurred costs concerning the following financial year.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

### Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as "Tax receivables from group enterprises" or "Income tax payable to group enterprises"

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.



## Accounting policies

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### **Liabilities other than provisions**

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers and other payables are measured at amortised cost which usually corresponds to the nominal value.

### **Statement of cash flows**

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

#### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the company's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under "Interest income and dividend received".

#### **Cash flows from investment activities**

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

#### **Cash flows from financing activities**

Cash flows from financing activities include changes in the size or the composition of the company's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.