

Alfa Laval Nordic A/S

Maskinvej 3, 2860 Søborg

Company reg. no. 20 25 56 17

Annual report

1 January - 31 December 2024

The annual report was submitted and approved by the general meeting on the 6 June 2025.

Joachim Ulrik Nisbeth Christensen
Chairman of the meeting

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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 %.

Management's statement

Today, the Board of Directors and the Managing Director have approved the annual report of Alfa Laval Nordic A/S for the financial year 1 January - 31 December 2024.

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 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024.

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.

Søborg, 6 June 2025

Managing Director

Joachim Ulrik Nisbeth Christensen

Board of directors

Patricio De Lezica
Chair

Per Lund Hansen

Joachim Ulrik Nisbeth Christensen

Independent auditor's report

To the Shareholder of Alfa Laval Nordic A/S

Opinion

We have audited the financial statements of Alfa Laval Nordic A/S for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

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

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

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.

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 as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

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

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

Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Copenhagen, 6 June 2025

EY Godkendt Revisionspartnerselskab
Company reg. no. 30 70 02 28

Søren Skov Larsen
State Authorised Public Accountant
mne26797

Allan Nørgaard
State Authorised Public Accountant
mne35501

Company information

| | |
|---------------------------|--|
| The company | Alfa Laval Nordic A/S Maskinvej 3 2860 Søborg |
| | Company reg. no. 20 25 56 17 Financial year: 1 January - 31 December |
| Board of directors | Patricio De Lezica, Chair Per Lund Hansen Joachim Ulrik Nisbeth Christensen |
| Managing Director | Joachim Ulrik Nisbeth Christensen |
| Auditors | EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 2000 Frederiksberg |

Financial highlights

| DKK in thousands. | 2024 | 2023 | 2022 | 2021 | 2020 |
|--|---------|---------|---------|---------|---------|
| Income statement: | | | | | |
| Revenue | 595.064 | 562.873 | 627.169 | 482.263 | 503.595 |
| Profit from operating activities | 25.524 | 17.586 | 22.993 | 14.031 | 26.604 |
| Net financials | 1.926 | 204 | -1.031 | -716 | -1.554 |
| Net profit or loss for the year | 21.373 | 13.845 | 17.100 | 10.366 | 19.883 |
| Statement of financial position: | | | | | |
| Balance sheet total | 197.383 | 230.405 | 219.166 | 193.657 | 141.850 |
| Investments in property, plant and equipment | 2.910 | 4.298 | 12.175 | 6.379 | 3.241 |
| Equity | 39.583 | 48.210 | 51.366 | 44.266 | 52.900 |
| Employees: | | | | | |
| Average number of full-time employees | 98 | 93 | 92 | 85 | 80 |
| Key figures in %: | | | | | |
| Gross margin ratio | 17,5 | 16,7 | 14,8 | 17,3 | 16,5 |
| Profit margin (EBIT-margin) | 4,3 | 3,1 | 3,7 | 2,9 | 5,3 |
| Acid test ratio | 123,3 | 124,0 | 128,9 | 128,2 | 172,6 |
| Solvency ratio | 20,1 | 20,9 | 23,4 | 22,9 | 37,3 |
| Return on equity | 48,7 | 27,8 | 35,8 | 21,3 | 36,5 |

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

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

| | |
|------------------------------------|--|
| Gross margin ratio | $\frac{\text{Gross profit} \times 100}{\text{Revenue}}$ |
| Profit margin (EBIT margin) | $\frac{\text{Operating profit or loss (EBIT)} \times 100}{\text{Revenue}}$ |
| Acid test ratio | $\frac{\text{Current assets} \times 100}{\text{Short term liabilities other than provisions}}$ |
| Solvency ratio | $\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$ |
| Return on equity | $\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$ |

Management's review

Description of key activities of the company

The company is responsible for the Alfa Laval group's sales and marketing of products and systems, as well as the sale of spare parts and services within separation, heat exchange, and fluid handling in Denmark. Alfa Laval's customers are primarily within the food and beverage, wastewater, energy, and marine industries. The company is part of the Nordic sales region within Alfa Laval, which involves integrated cooperation across the sales organizations in Denmark, Finland, Norway, and Sweden, also covering activities in Iceland and the Faroe Islands.

Development in activities and financial matters

Alfa Laval Nordic can look back on a strong 2024. Revenue increased from DKK 563 million in 2023 to DKK 595 million in 2024, and we were able to present significant results, specifically in relation to the overall goal of strengthening order intake, earnings, customer experience, and increasing Alfa Laval's market shares.

Both revenue (DKK 595 million) and profit for 2024 (DKK 21.4 million) are within Alfa Laval Nordic A/S's initial expectations for 2024, which were a revenue of DKK 630 million and a profit after tax of DKK 20 million. This is due to a large project in the Food & Water segment.

There continues to be a positive effect from society's increasing need for sustainable solutions within all three Alfa Laval business areas, which are Food & Water, Marine, and Energy.

Additionally, as expected, activity within the Marine Environmental area continues to decline. Society's growing interest in energy efficiency and energy savings continues to increase focus on many of Alfa Laval Nordic A/S's products.

As a market leader in solutions that help our customers achieve their sustainability goals, we also put pressure on our own value chain in a positive way. For Alfa Laval, the ambition is climate neutrality by 2030.

Special Risks

There are no significant uncertainties or risks in relation to this annual report.

Environmental Conditions

It is the company's policy to comply with environmental legislation as well as generally recognized frameworks. The company does not have production that can be classified as heavily environmentally impacting.

The expected development

Despite an expectation of a slowdown in the global economy, investments driven by society's increasing need for sustainable solutions will continue to contribute to high activity at Alfa Laval in 2025. Alfa Laval has solutions and components within all business areas that can meet customers' requirements and wishes related to sustainability. The expectation for 2025 is that revenue will be at the same level as 2024, around DKK 600 million, and a profit after tax of around DKK 21 million.

Management's review

Events subsequent to the financial year

No events have occurred after the balance sheet date that requires adjustment or disclosure in the annual report or the accompanying notes.

Corporate social responsibility report pursuant to section 99 a of the Danish Financial Statements Act

At the group level, an annual Sustainability Reporting is prepared, which is an integrated part of the annual report, and additionally, a GRI Report is prepared.

The reports for 2024, which are the mandatory report on corporate social responsibility in accordance with Section 99a of the Danish Financial Statements Act, can be found here:

<https://www.alfalaval.com/investors/publications/annual-reports/>

Alfa Laval Nordic A/S complies with the guidelines prepared by the group for compliance with corporate social responsibility, including respect for human rights, social responsibility, and the group's policy to minimize negative environmental impacts as much as possible.

Alfa Laval's Sustainability work is based on the group's Business Principles, which can be found here:

<https://www.alfalaval.com/about-us/sustainability/>

Furthermore, there are strict requirements for suppliers to ensure that Alfa Laval Nordic A/S ensures that they also take into account the environment, safety, and health.

Report on the company's policy on data ethics according to section 99 d of the Danish Financial Statements Act

Alfa Laval continuously manages data in accordance with Alfa Laval's business principles for Corporate Governance and ethical values, ensuring that data is used in a responsible and sustainable manner.

Alfa Laval's business principles regarding data ethics are not static and will evolve over time based on ongoing observations and experiences in working with data ethics. Data is a crucial part of Alfa Laval's business, and access to data is necessary to make informed business decisions and to continuously develop our products and services.

At Alfa Laval, we set high standards for propriety and integrity in all aspects of our business. This also applies to situations where we use data in our business. Due diligence and ethical considerations are taken into account in advance when new technologies are used, such as automated decisions, profiling, artificial intelligence, and data sharing with third parties.

Alfa Laval is responsible for the data in our possession and how it is used. Therefore, strong governance of data processes in all parts of our organization is important. Governance is crucial to ensure that data processes are based on informed decisions in accordance with Alfa Laval's guiding business principles for data ethics.

Income statement 1 January - 31 December

DKK thousand.

| <u>Note</u> | <u>2024</u> | <u>2023</u> |
|--|----------------------|----------------------|
| 2 Revenue | 595.064 | 562.873 |
| Production costs | <u>-490.886</u> | <u>-468.626</u> |
| Gross profit | 104.178 | 94.247 |
| Distribution costs | -71.098 | -67.902 |
| Administration costs | -8.049 | -8.865 |
| Other operating income | <u>493</u> | <u>106</u> |
| Operating profit | 25.524 | 17.586 |
| 4 Other financial income | 2.360 | 911 |
| 5 Other financial expenses | <u>-434</u> | <u>-707</u> |
| Profit/loss before tax | 27.450 | 17.790 |
| 6 Tax on net profit or loss for the year | <u>-6.077</u> | <u>-3.945</u> |
| 7 Net profit or loss for the year | <u>21.373</u> | <u>13.845</u> |

Balance sheet at 31 December

DKK thousand.

| Assets | | |
|---|----------------|----------------|
| <u>Note</u> | <u>2024</u> | <u>2023</u> |
| Non-current assets | | |
| 8 Licenses, trademarks, patents etc. | 0 | 5 |
| Total intangible assets | 0 | 5 |
| 9 Land and buildings | 7.997 | 11.095 |
| 9 Production plant and machinery | 4.360 | 5.100 |
| 9 Other fixtures, fittings, tools and equipment | 4.634 | 5.217 |
| Total property, plant, and equipment | 16.991 | 21.412 |
| Total non-current assets | 16.991 | 21.417 |
| Current assets | | |
| Manufactured goods and trade goods for resale | 12.072 | 18.692 |
| Total inventories | 12.072 | 18.692 |
| Trade receivables | 95.645 | 93.042 |
| 10 Contract work in progress | 8.857 | 7.903 |
| Receivables from group enterprises | 39.865 | 87.105 |
| 11 Deferred tax assets | 403 | 0 |
| Other receivables | 23.550 | 2.246 |
| Total receivables | 168.320 | 190.296 |
| Total current assets | 180.392 | 208.988 |
| Total assets | 197.383 | 230.405 |

Balance sheet at 31 December

DKK thousand.

| Equity and liabilities | | | |
|--|---|----------------|----------------|
| <u>Note</u> | | <u>2024</u> | <u>2023</u> |
| Equity | | | |
| 12 | Share capital | 5.000 | 5.000 |
| | Retained earnings | 14.583 | 13.210 |
| | Proposed dividend for the financial year | 20.000 | 30.000 |
| | Total equity | 39.583 | 48.210 |
| Provisions | | | |
| 11 | Provisions for deferred tax | 0 | 223 |
| 13 | Other provisions | 4.674 | 3.075 |
| | Total provisions | 4.674 | 3.298 |
| Liabilities other than provisions | | | |
| | Leasing liabilities | 6.802 | 10.393 |
| 14 | Total long-term liabilities other than provisions | 6.802 | 10.393 |
| 14 | Current portion of long-term liabilities | 5.915 | 5.924 |
| 10 | Prepayments received from customers concerning work in progress for the account of others | 86.402 | 117.677 |
| | Trade payables | 2.351 | 2.635 |
| | Payables to group enterprises | 33.301 | 25.449 |
| | Corporate tax | 3.745 | 495 |
| | Other payables | 14.610 | 16.324 |
| | Total short-term liabilities other than provisions | 146.324 | 168.504 |
| | Total liabilities other than provisions | 153.126 | 178.897 |
| | Total equity and liabilities | 197.383 | 230.405 |
| 1 Subsequent events | | | |
| 3 Staff costs | | | |
| 15 Guaranties and securities | | | |
| 16 Contingencies | | | |
| 17 Related parties | | | |

Statement of changes in equity

DKK thousand.

| | Contributed capital | Retained earnings | Proposed dividend for the financial year | Total |
|--|--------------------------------|------------------------------|---|---------------|
| Equity 1 January 2024 | 5.000 | 13.210 | 30.000 | 48.210 |
| Distributed dividend | 0 | 0 | -30.000 | -30.000 |
| Profit or loss for the year brought forward | 0 | 1.373 | 20.000 | 21.373 |
| | 5.000 | 14.583 | 20.000 | 39.583 |

Notes

DKK thousand.

1. Subsequent events

There have been no events occurring after the reporting date that significantly affect the annual report.

| | <u>2024</u> | <u>2023</u> |
|--------------------|-----------------------|-----------------------|
| 2. Revenue | | |
| Energy | 104.572 | 105.609 |
| Food & Water | 370.280 | 298.172 |
| Marine & Diesel | <u>120.212</u> | <u>159.092</u> |
| | <u>595.064</u> | <u>562.873</u> |
| | | |
| Geographical areas | | |
| Denmark | 529.452 | 462.457 |
| Europe | 56.066 | 50.365 |
| America | 2.021 | 29.230 |
| Asia | 6.706 | 20.784 |
| Oceania & Africa | <u>819</u> | <u>37</u> |
| | <u>595.064</u> | <u>562.873</u> |

Notes

DKK thousand.

| | <u>2024</u> | <u>2023</u> |
|---------------------------------|----------------------|----------------------|
| 3. Staff costs | | |
| Salaries and wages | 72.158 | 68.911 |
| Pension costs | 6.505 | 5.877 |
| Other costs for social security | 1.603 | 1.776 |
| | <u>80.266</u> | <u>76.564</u> |

Staff costs are recognised as follows in the income statement:

| | | |
|-----------------------------|----------------------|----------------------|
| Production costs | 25.479 | 24.140 |
| Distribution costs | 45.085 | 42.650 |
| Administration costs | 9.702 | 9.774 |
| | <u>80.266</u> | <u>76.564</u> |
| Executive board | - | 1.263 |
| Average number of employees | <u>98</u> | <u>93</u> |

Compensation for the company's management for the current financial year is not disclosed, with reference to Section 98b (3) no. 2 of the Danish Financial Statements Act. No remuneration has been paid to the supervisory board.

| | | |
|---|---------------------|-------------------|
| 4. Other financial income | | |
| Interest, group enterprises | 2.360 | 144 |
| Other interest and exchange differences | 0 | 767 |
| | <u>2.360</u> | <u>911</u> |

| | | |
|------------------------------------|-------------------|-------------------|
| 5. Other financial expenses | | |
| Financial costs, group enterprises | 224 | 262 |
| Other financial costs | 210 | 445 |
| | <u>434</u> | <u>707</u> |

Notes

DKK thousand.

| | <u>2024</u> | <u>2023</u> |
|---|----------------------|----------------------|
| 6. Tax on net profit or loss for the year | | |
| Tax of the results for the year | 6.703 | 3.973 |
| Adjustment for the year of deferred tax | <u>-626</u> | <u>-28</u> |
| | <u>6.077</u> | <u>3.945</u> |
| | | |
| 7. Proposed distribution of net profit | | |
| Dividend for the financial year | 20.000 | 30.000 |
| Transferred to retained earnings | <u>1.373</u> | <u>-16.155</u> |
| Total allocations and transfers | <u>21.373</u> | <u>13.845</u> |
| | | |
| 8. Licenses, trademarks, patents etc. | | |
| Cost 1 January 2024 | <u>212</u> | <u>212</u> |
| Cost 31 December 2024 | <u>212</u> | <u>212</u> |
| Amortisation and write-down 1 January 2024 | -207 | -191 |
| Amortisation for the year | <u>-5</u> | <u>-16</u> |
| Amortisation and write-down 31 December 2024 | <u>-212</u> | <u>-207</u> |
| | | |
| Carrying amount, 31 December 2024 | <u>0</u> | <u>5</u> |

Notes

DKK thousand.

9. Materielle anlægsaktiver

| | <u>Land and property</u> | <u>Production plant and machinery</u> | <u>Other plants, operating assets, and fixtures and furniture</u> |
|--|------------------------------|---|---|
| Cost 1 January 2024 | 27.376 | 12.781 | 11.932 |
| Additions during the year | 478 | 132 | 2.300 |
| Disposals during the year | <u>-23</u> | <u>0</u> | <u>-2.210</u> |
| Cost 31 December 2024 | <u>27.831</u> | <u>12.913</u> | <u>12.022</u> |
| Depreciation and writedown 1 January 2024 | 16.282 | 7.681 | 6.715 |
| Depreciation for the year | 3.577 | 872 | 2.884 |
| Depreciation, amortisation and writedown for the year, assets disposed of | <u>-23</u> | <u>0</u> | <u>-2.210</u> |
| Depreciation and writedown 31 December 2024 | <u>19.836</u> | <u>8.553</u> | <u>7.389</u> |
| Carrying amount, 31 December 2024 | <u>7.995</u> | <u>4.360</u> | <u>4.633</u> |
| Right of use assets are included with a carrying amount of | <u>7.995</u> | | <u>4.343</u> |
| Depreciation for the year on right of use assets | <u>3.577</u> | | <u>2.787</u> |
| | | <u>2024</u> | <u>2023</u> |
| Total depreciation and amortisation is distributed as follows | | | |
| Production | | 3.808 | 3.804 |
| Distribution | | 3.315 | 3.247 |
| Administration | | <u>215</u> | <u>175</u> |
| | | <u>7.338</u> | <u>7.226</u> |

Notes

DKK thousand.

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------|------------------------|
| 10. Contract work in progress | | |
| Sales value of the production of the period | 167.409 | 134.985 |
| Progress billings | <u>-244.954</u> | <u>-244.759</u> |
| Contract work in progress, net | <u>-77.545</u> | <u>-109.774</u> |
| The following is recognised: | | |
| Contract work in progress (Current assets) | 8.857 | 7.903 |
| Contract work in progress (Prepayments received) | <u>-86.402</u> | <u>-117.677</u> |
| | <u>-77.545</u> | <u>-109.774</u> |
| 11. Deferred tax assets | | |
| Deferred tax assets 1 January 2024 | -223 | -251 |
| Deferred tax of the results for the year | <u>626</u> | <u>28</u> |
| | <u>403</u> | <u>-223</u> |
| The following items are subject to deferred tax: | | |
| Intangible assets | 18 | 17 |
| Property, plant, and equipment | -2.413 | -3.830 |
| Lease | <u>2.798</u> | <u>3.590</u> |
| | <u>403</u> | <u>-223</u> |
| 12. Share capital | | |
| Share capital 1 January 2024 | <u>5.000</u> | <u>5.000</u> |
| | <u>5.000</u> | <u>5.000</u> |

The share capital has remained unchanged for the past 5 years.

Notes

DKK thousand.

| | <u>2024</u> | <u>2023</u> |
|--|---------------------|---------------------|
| 13. Other provisions | | |
| Other provisions 1 January 2024 | 3.075 | 3.509 |
| Change of the year in other provisions | <u>1.599</u> | <u>-434</u> |
| | <u>4.674</u> | <u>3.075</u> |
| | | |
| 0-1 year | 2.674 | 1.075 |
| 1-5 year | 2.000 | 2.000 |
| more than 5 years | <u>0</u> | <u>0</u> |
| | <u>4.674</u> | <u>3.075</u> |

Other provisions consist of provisions for addressing warranty obligations and expected customer bonus payments.

14. Long-term liabilities other than provisions

| | <u>Total payables 31 Dec 2024</u> | <u>Current portion of long term payables</u> | <u>Long term payables 31 Dec 2024</u> | <u>Outstanding payables after 5 years</u> |
|---------------------|---------------------------------------|--|---|---|
| Leasing liabilities | <u>12.717</u> | <u>5.915</u> | <u>6.802</u> | <u>0</u> |
| | <u>12.717</u> | <u>5.915</u> | <u>6.802</u> | <u>0</u> |

Leasing liabilities have a interest of 1,75 - 2,00 %.

15. Guaranties and securities

Guarantees have been provided to customers for security of payments and contractual execution of signed sales contracts of TDKK 13.975 (2023: TDKK 6.771).

16. Contingencies

Joint taxation

With Alfa Laval Kolding A/S, company reg. no 30938011 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

DKK thousand.

16. Contingencies (continued)

Joint taxation (continued)

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

17. Related parties

Controlling interest

Related parties with controlling interest include the parent company Alfa Laval Kolding A/S, Albuen 31, Kolding, Denmark and ultimate parent Alfa Laval Corporate AB, Rudeboksvågen 1, Lund, Sweden. Other related parties are also consolidated entities in the Alfa Laval Group.

Transactions

In addition to the payment of ordinary executive fees, there have been no transactions with the company's management.

The company purchases a significant proportion of goods and services for the company's sales from other group entities. The company also sells a significant portion of its products through group entities.

Primary related group transactions:

| | 2024 t.kr. | 2023 t.kr. |
|-------------------------------------|---------------|---------------|
| Sales to other group entities | 41.275 | 34.388 |
| Purchases from parent company | 106.640 | 95.073 |
| Purchases from other group entities | 369.730 | 327.441 |

Consolidated annual accounts

Alfa Laval Nordic A/S is included in the consolidated financial statements of Alfa Laval AB, Sweden, which is the largest in which the company is a subsidiary. The consolidated annual report can be obtained at the group headquarters, Rudeboksvågen 1, Lund, Sweden or at www.alfalaval.com.

Accounting policies

The annual report for Alfa Laval Nordic A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Pursuant to section 96(3) of the Danish Financial Statements Act, the financial statements do not disclose information about fees to the auditor appointed at the annual general meeting. The fees are disclosed in the consolidated financial statements of Alfa Laval Corporate AB, Lund, Sweden.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Alfa Laval Corporate AB, Lund, Sverige.

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.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Income statement

Segmental statement

Information on activity and geographical markets is provided. The segment information follows the accounting policies for the group, risks and internal financial controlling.

Revenue

The company will be applying IFRS 15 as its basis of interpretation for the recognition of revenue.

The revenue is recognised when the control of the identifiable individual performance obligations has been performed in respect of the customer whereby the customer gains control of the asset or the service. Sales remunerations are allocated proportionally to the individual performance obligations in the agreement.

Revenue from service contracts is recognised on a linear basis over the period during which the service is performed.

Revenue is measured at fair value of agreed remunerations, less VAT and expenses. All forms of discount are recognised in revenue.

Revenue from contracts, including variable considerations such as quantity discounts and performance-related payments are recognised at the most probable consideration value. Revenue is not recognised until it is deemed most likely that changes in the estimated variable consideration will not subsequently result in the reversal of a material part of the amount, thus reducing revenue.

Production costs

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.

Distribution costs

The distribution costs comprise costs which have been incurred for distribution of goods sold during the year and for sales campaigns carried out during the year. Additionally, costs for sales staff, costs for advertising and exhibitions, and depreciation are recognised in the profit and loss account.

Administration costs

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

Accounting policies

Cost of sales

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income

Other operating income comprises items of a secondary nature as regards the principal activities of the company, including profit from the disposal of intangible and tangible assets, operating loss and conflict compensation as well as salary reimbursements received. Compensation is recognized when it is overwhelmingly probable that the company will receive the compensation.

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 of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible assets

Licenses, trademarks and similar rights

Acquired rights are measured at cost, less accumulated impairments. The carrying value is written down to the recoverable amount where this is lower.

Property, plant, and equipment

Property, plant, and equipment are measured at cost 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.

Accounting policies

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

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

| | Useful life |
|--|-------------|
| Plant and machinery | 10 years |
| Other fixtures and fittings, tools and equipment | 3-10 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.

Right-of-use assets

The company will be applying IFRS 16 as its basis of interpretation for the recognition of classification and recognition of leases.

Leases pertaining to property, plant, and equipment for which the company has the right-of-use are recognised in the statement of financial position as right-of-use assets. The assets are, at initial recognition, measured at imputed cost, consisting of:

- The imputed lease liability
- Any lease payments paid prior to – or on – the starting date, less any lease incentives received
- Any direct start-up costs
- Any restoring costs

Hereafter, recognised leased assets are treated like the company's remaining property, plant, and equipment.

Lease liabilities are recognised in the statement of financial position as liabilities other than provision and are measured, at initial recognition, at the present value of lease payments payable over the lease term. This includes a purchase option in the event that the company expects to purchase the right-of-use asset. When determining the present value, the internal rate of return or, alternatively, the company's borrowing rate is applied as discount rate.

Accounting policies

Hereafter, the lease liability is treated like the remaining financial liabilities, i.e. at amortised cost.

The interest element of the lease payments is recognised in the income statement over the contractual term.

The following leases are not recognised as assets and liabilities in the statement of financial position:

- Leases with a duration of twelve months or less (short leases)
- Leases where the replacement value of the asset is less than DKK 30,000. (low-value assets)

For such leases, the lease payment is recognised in the income statement as an expense on a linear basis over the lease term.

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.

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.

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.

Accounting policies

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.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the income statement when incurred.

Accounting policies

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

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.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

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"

According to the rules of joint taxation, Alfa Laval Nordic A/S is unlimitedly, jointly, and severally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

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.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Accounting policies

Provisions

Provisions comprise expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the company.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured at fair value.

Liabilities

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.

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

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