

# FJV Foss Holding A/S

CVR-no. 46 43 03 28

## Annual Report for 2024

*FJV Foss Holding A/S  
Frisenborgvej 33  
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Denmark*

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As approved at the  
Annual General meeting  
on 5 May 2025

**Chair of the meeting**

Toke Foss

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# Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.24 - 31.12.24 for FJV Foss Holding A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.24 and of the results of the group's and parent's activities for the group's financial year 01.01.24 - 31.12.24.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Skive, 5 May 2025

## Executive Board

Diana Hidalgo Foss  
CEO

## Board of Directors

Toke Foss  
Chair of the board

Frederik Foss

Julia Foss

Valdemar Foss

# Independent auditor's report

To the Shareholder of FJV Foss Holding A/S

## Opinion

We have audited the consolidated financial statements and the financial statements of FJV Foss Holding A/S for the financial year 1 January 2024 - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including significant accounting policies, for the group and the company as well as the consolidated cash flow statement. The consolidated financial statements and the financial statements are prepared in accordance with the Danish Financial Statements Act.

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

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the 'Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements' section of our report. We are independent of the group and 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 consolidated financial statements and the financial statements

Management is responsible for the preparation of the consolidated financial statements and the financial statements in accordance with the Danish Financial Statements Act and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the financial statements, management is responsible for assessing the group's and 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 consolidated financial statements and the financial statements unless management either intends to liquidate the group and the company or to cease operations, or has no realistic alternative but to do so.

## **Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and 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 consolidated financial statements and financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group's and 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 consolidated financial statements and 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the financial statements, including the disclosures, and whether the consolidated financial statements and the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 regarding the management's review**

Management is responsible for the management's review. Our opinion on the consolidated financial statements and 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 consolidated financial statements and the financial statements, it is our responsibility to read the management's review and in doing so consider whether the management's review is materially inconsistent with the consolidated financial statements or 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 consolidated financial statements and 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 the management's review.

Skive, 5 May 2025

**Beierholm**

Godkendt Revisionspartnerselskab  
CVR no. 32 89 54 68

Bjørn Jakobsen  
Statsaut. revisor  
MNE-nr. 24813

Jesper K. Viborg  
Statsaut. revisor  
MNE-nr. 35413

## Company information

### The Company

FJV Foss Holding A/S  
Frisenborgvej 33  
7800 Skive  
Denmark

Phone: 9614 9614

CVR-no. 46 43 03 28  
Financial year: 01.01 - 31.12  
Registered office: Skive

### Board of Directors

Toke Foss, chair of the board  
Frederik Foss  
Julia Foss  
Valdemar Foss

### Executive Board

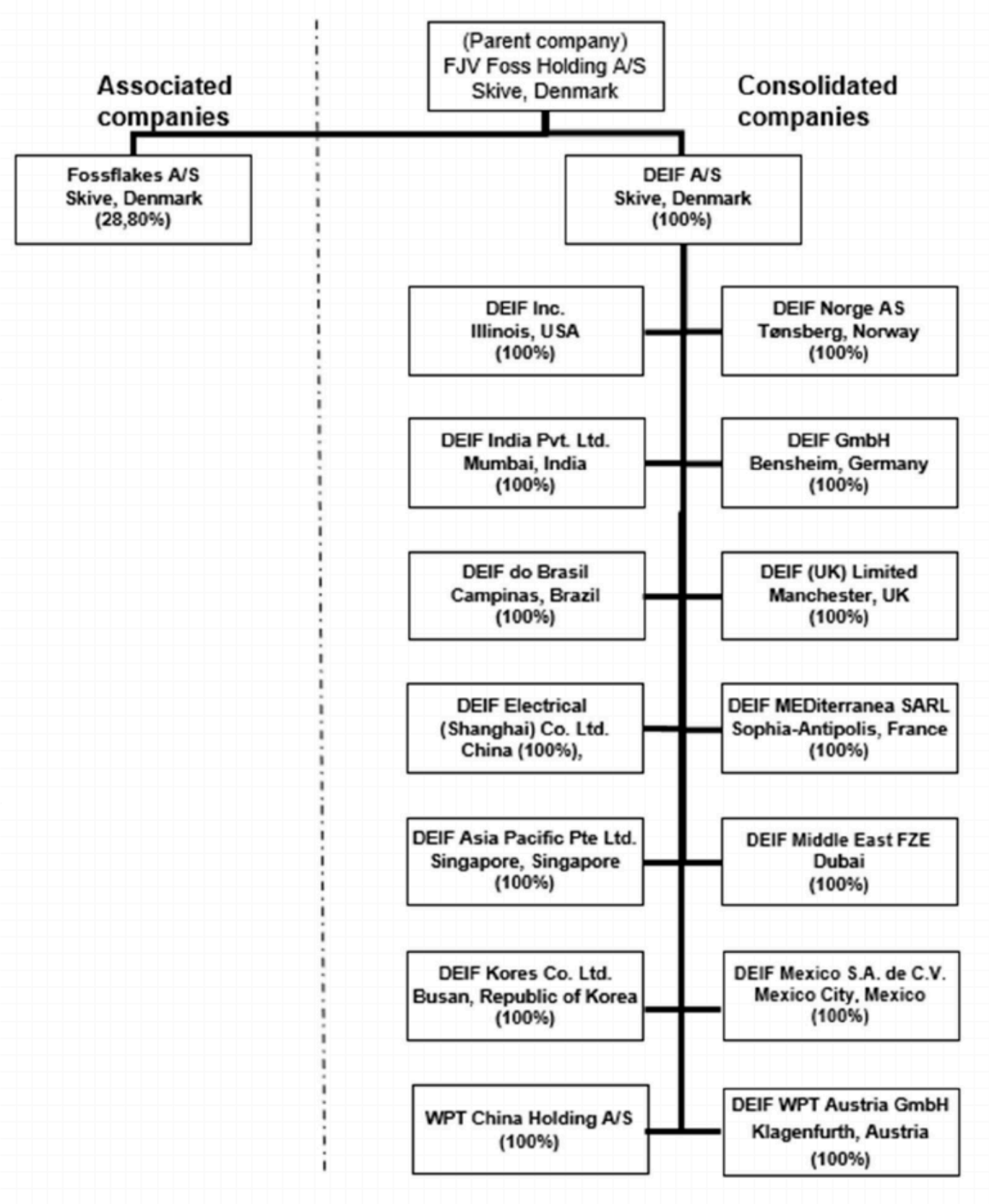
CEO Diana Hidalgo Foss

### Auditors

Beierholm, Godkendt Revisionspartnerselskab  
Resenvej 81  
7800 Skive  
Denmark

# Management's review

## Group overview



# Management's review

## Financial Highlights – Group

	2024	2023	2022	2021	2020
	DKKm	DKKm	DKKm	DKKm	DKKm
<b>Profit/loss</b>					
Net revenue	765.6	715.3	672.9	551.1	531.9
Gross profit/loss	423.6	399.0	361.0	298.8	291.9
Earnings before interest, taxes, depreciation and amortization (EBITDA)	123.4	120.3	117.4	88.7	79.0
Earnings before interest, taxes (EBIT)	54.8	62.1	54.2	38.9	16.9
Profit/loss before tax	37.0	49.4	47.8	28.8	2.2
Annual profit	27.0	37.6	38.5	63.1	4.5
- from discontinued operations	-	-	-	37.2	-
<b>Balance sheet:</b>					
Balance sheet total	788.2	722.2	613.6	783.9	639.7
Equity	253.7	248.3	233.6	206.8	193.1
<b>Cash flows</b>					
Cash flows from:					
- operating activities	102.7	55.4	218.0	43.0	54.1
- investing activities	-134.8	-158.1	-77.2	-63.9	-81.4
- of this, tangible and intangible fixed assets	-134.8	-165.0	-77.4	-64.8	-81.5
- financing activities	41.6	104.2	-131.8	8.0	33.3
Annual change in cash	9.4	1.6	9.0	-13.0	5.9
<b>No, of employees</b>					
- Denmark	387	352	331	316	338
- Foreign subsidiaries	180	172	163	224	206
<b>Ratios</b>					
Growht	7.0%	6.3%	22.1%	3.6%	-6.1%
Gross margin	55.3%	55.8%	53.6%	54.2%	54.9%
EBITDA - margin	16.1%	16.8%	17.5%	19.6%	14.8%
Profit ration (EBIT)	7.2%	8.7%	8.1%	7.1%	3.2%
Return on capital employed	7.0%	8.6%	8.8%	5.0%	2.6%
Solvency ratio	32.2%	34.4%	38.1%	26.4%	30.2%
Return on equity	10.6%	15.1%	16.5%	30.5%	2.3%

The ratios have been prepared in accordance with the guidelines issued by Den Danske Finansanalytikerforening (Danish Society of Financial Analysts).

# Management's review

## About the Group

FJV Foss Holding A/S is the holding company for DEIF A/S. The absolute main activity is the 100% ownership of DEIF A/S. For a more detailed description of the business model of the company please refer to the Annual Report 2024 for DEIF A/S <https://publications.deif.com/csr/annual-report-2024/>

No separate Corporate Social Responsibility policy or reporting has been prepared for the holding company, as this has not been considered necessary considering the very limited extent of activities in this company not related to DEIF. The below description is in-line with the management report of the DEIF Annual Report 2024.

The Group supports the green energy transition. Setting some of the highest standards in energy control solutions and providing a full line of electronic devices, we meet the market demands today and tomorrow. With global presence and support from design and specification to commissioning and after-market services, we enable customers around the world to tackle the green energy transition – with hybrid solutions, integration of renewables, improved energy efficiency and retrofit and upgrade of existing solutions.

Since 1933, the Foss family has been the owners. The sole family ownership allows a long-term and responsible approach to business development founded in the owner's vision: "To develop the company's value in the long term, always based on high ethics in relation to our employees, business partners and society as a whole." All operations strive to hold up against standards of integrity, compliance to laws and regulations, human rights, fair competition, anticorruption and data privacy.

# Management's review

## Our strategy

With a top modern electronics factory, a new technology leading product platform and a global market favoured by the green transition, the Group is geared to accelerate growth in the coming years.

Our long-term ambition is to become market leader and triple revenue by 2033, when DEIF celebrates its 100 years anniversary. As part of this, we want to increase the share of our turnover from products and solutions for renewable energy applications.

The primary strategic drivers enabling the Group to achieve the ambitions are:

- Being a one-stop-shop for intelligent energy control, including converters, controllers, Programmable Logic Controllers (PLCs) and protection relays.
- Maintaining our role as technology leaders, offering our customers the smartest products and the highest levels of cybersecurity.
- Strengthening DEIF's global presence and enhancing the service-support competences locally.
- Help our customers save fuel, reduce emissions and optimise performance, while reducing DEIF's own footprint in the value chain (VC).
- Further improve a 'winning together' culture, where high competence levels meet strong execution power and perseverance to deliver products and solutions fast and with a high level of customer service/support.

## 2024 performance and results

2024 was the fourth consecutive year of solid growth. Driven by a strong product portfolio, an expanded global presence and an increasing demand for intelligent energy management solutions, the turnover grew by 7% in 2024, reaching DKK 766 million (2023: DKK 715 million).

We consider the growth in turnover satisfactory. After a first half of 2024 characterized by customer destocking and a flat market development, the sales picked up and we saw increasing activity across the business in the second half of 2024.

To accelerate the execution of our strategy and to boost future sales, significant investments were made in R&D and in the strengthening and expansion of our global presence. Therefore, fixed costs increased from DKK 339 million in 2023 to DKK 391 million in 2024. The number of full-time employees increased to 567 (2023: 524). This is expected to have a significant positive impact in the coming years.

Over the past five years, EBITDA has continuously improved, from DKK 79 million in 2020 to DKK 123 million in 2024. The profit before tax in 2024 was DKK 37 million (2023: DKK 49 million) as the high level of activity and investments in 2024 affected the short-term earnings. Although slightly below the outlook for 2024, this is within our expectations and satisfactory, considering the substantial investments in the long-term value creation.

## Management's review

### Outlook for 2025

Overall, the market demand for the Groups solutions is expected to remain strong in 2025. The accelerating green energy transition and electrification of the energy and transport sectors drive demand for the Groups products especially in Asia and Europe. Furthermore, we expect to continue the high activity level within efficiency improvements of diesel gensets, still prevalent in many geographies and applications. At the same time, the increased global presence across all continents will support the company's growth.

The demand from the marine sector is expected to remain high, following the climate ambitions of the International Maritime Organization. The number of new-build dual-fuel vessels is increasing, and the Group has a strong position as a preferred supplier of control solutions for the full range of hybrid, full-electric and traditional diesel-powered vessels.

In 2025, we expect a turnover growth of around 15% compared to 2024. We expect to improve earnings with a projected pre-tax result ranging from DKK 50 to 60 million (2023: DKK 37 million). Investments in R&D activities, in global market expansion and automation of production processes will continue at a level comparable to previous years. A substantial part of our investments is dedicated to new products, not least the new power converter product line, which will contribute to increased sales from 2026 and onwards.

### Governance

This section makes up the statutory statements on § 99a and d in the Danish Financial Statement Act (Årsregnskabsloven). More information on the topics can be found in the DEIF Annual Report 2024, available at <https://publications.deif.com/csr/annual-report-2024/>

### Corporate Social Responsibility

Since the company was established in 1933 it has been at the heart of the company to run a responsible business. We have an ambition to make a difference by developing new and innovative products and services that can contribute to a sustainable future.

The overall goal for the company is to develop the long-term value of the company, always based on high ethics towards the employees, business partners and society.

Since 2016, DEIF has been a participant of the UN global Compact.

The biggest CSR risks related to the company's operations are related to the global presence. We have employees and partners in many different countries and cultures. The biggest risks are related to health, safety, compliance with the DEIF code of conduct and other irregularities especially related to corruption. By setting high standards for our work environment, training new employees in the DEIF code of conduct and our zero tolerance towards corruption, we mitigate these risks as much as possible. Please refer to the Sustainability Statements section in the Annual Report of DEIF A/S for a detail description of the CSR reporting <https://publications.deif.com/csr/annual-report-2024/?page=50>

## Management's review

### Diversity

We want to be a motivating and inclusive place to work. We support and respect the protection of internationally proclaimed human rights and make sure that we do not in any way contribute to the violation of these rights.

We strive to secure equal rights and commit to group-wide targets to increase the number of women at all management levels and to provide job opportunities for marginalized groups and people with reduced ability to work.

It is our policy to aspire to equal development possibilities regardless of race, age or gender and we wish to attract female candidates in connection with the recruitment process.

The Groups business requires special technical and engineering skills, which have a relatively low share of women. In 2024, the share of women was 28% (2023: 28%). The share of women in management was 23% (2023: 24%). Our goal is to have the same share of female managers as the share of female employees in general.

### Data ethics

The Group has implemented a data ethics policy that governs IT conduct and safety. The policy sets out guidelines for the collection, use and sharing of data with customers, business partners and employees. The collection, use and sharing of data comply with the current legislation. We store data safely and work systematically to protect stored data and IT systems against cyber-attacks. Further information is available on [www.deif.com/privacy-policy/](http://www.deif.com/privacy-policy/)

### Risk management

#### *Operating risks*

The Group works with a risk management framework that addresses, among other things, the impact and likelihood of geopolitical influence, cybercrime, and delivery failures from significant subcontractors.

The nature of the business area that the Group operates within is typically characterized by close and long customer relationships, and sales are split on the global market with a relatively high number of customers. This minimizes the risks related to local geographical markets and risks towards single customers.

### Financial risks

#### *Interest risks*

Moderate changes in the interest rate levels does not have a material impact on earnings. The interest rate risk is partially hedged by using financial instruments (interest SWAP).

## **Management's review**

### *Currency risks*

The Group operates internationally and the exchange rate development in foreign currencies impacts the result, cash flows and equity of the company. We systematically monitor the transactions in foreign currencies and manage the potential risk by hedging selected currencies if this is

considered cost efficient compared to the total exposure. The largest currency risks are related to US Dollars and Yuan renminbi.

### *Credit risks*

Customer credit lines are systematically monitored, and credit is given based on internally approved credit guidelines and limits. Credit insurance is used in relevant markets and towards selected larger customers. The Group does not have risks related to single customers that can significantly impact the company's combined financial position.

## **Subsequent events**

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

## Income statement

	Notes	Group		Parent	
		2024	2023	2024	2023
		DKKm	DKKm	DKKm	DKKm
Revenue	1	765.6	715.3	0.0	0.0
Production costs		<u>-342.0</u>	<u>-316.2</u>	<u>0.0</u>	<u>0.0</u>
Gross profit		423.6	399.0	0.0	0.0
Research and development costs		-93.7	-69.6	0.0	0.0
Distribution costs		-231.7	-213.3	0.0	0.0
Administration costs		-65.5	-55.8	-1.2	-1.7
Other operating income	2	<u>22.2</u>	<u>1.9</u>	<u>0.1</u>	<u>0.1</u>
Operating profit (EBIT)		54.8	62.1	-1.1	-1.6
Income from equity investments in group enterprises	3	0.0	0.0	29.4	39.0
Share of earnings from associated companies	3	-1.6	-0.1	-1.6	-0.1
Financial income	4	2.1	2.7	0.2	0.0
Financial expenses	5	<u>-18.3</u>	<u>-15.3</u>	<u>-0.1</u>	<u>0.0</u>
Profit before tax (EBT)		37.0	49.4	26.8	37.3
Tax on profit for the year	6	<u>-10.0</u>	<u>-11.8</u>	<u>0.2</u>	<u>0.3</u>
Profit for the year		<u>27.0</u>	<u>37.6</u>	<u>27.0</u>	<u>37.6</u>

## Balance Sheet

### Assets

	Notes	Group		Parent	
		2024	2023	2024	2023
		DKKm	DKKm	DKKm	DKKm
Development projects		241.8	199.2	0.0	0.0
Goodwill		0.0	0.0	0.0	0.0
Intangible assets	7	241.8	199.2	0.0	0.0
Land and buildings		108.7	67.4	3.1	3.2
Plant and machinery		33.7	11.7	0.0	0.0
Other fixtures and equipment		25.4	14.5	0.0	0.0
Leasehold improvements		0.5	0.7	0.0	0.0
Property, plant and equipment under construction		15.8	66.7	0.0	0.0
Tangible assets	8	184.1	161.1	3.1	3.2
Equity investments in group enterprises		0.0	0.0	251.6	244.7
Investments in associerede companies		2.9	2.0	2.9	2.0
Securities		0.2	0.2	0.2	0.2
Deposits		2.8	2.6	0.0	0.0
Investments	9	5.9	4.8	254.6	247.0
Non-current assets		431.8	365.1	257.7	250.1
Inventories	10	152.9	194.9	0.0	0.0
Trade receivables		151.1	104.1	0.0	0.0
Receivables from group companies		0.0	0.0	5.3	3.7
Receivables from associerede companies		2.7	0.0	2.7	0.0
Other receivables		7.8	27.5	0.0	0.0
Income tax		1.0	1.0	1.0	1.0
Deferred tax	13	0.0	0.0	0.7	1.0
Prepayments	11	6.6	3.3	0.0	0.0
Receivables		169.3	135.9	9.7	5.7
Cash		34.3	26.3	0.0	0.0
Current assets		356.5	357.2	9.7	5.7
Total assets		788.2	722.2	267.4	255.8

## Balance Sheet

### Liabilities

	Notes	Group		Parent	
		2024 DKKm	2023 DKKm	2024 DKKm	2023 DKKm
Share capital		1.4	1.4	1.4	1.4
Reserve for net revaluation according to the equity method		-0.6	1.0	234.6	218.8
Retained earnings		244.2	225.5	7.7	9.1
Hedging instruments - future transactions		-1.3	1.4	0.0	0.0
Proposed dividend		10.0	19.0	10.0	19.0
Equity	12	<u>253.7</u>	<u>248.3</u>	<u>253.7</u>	<u>248.3</u>
Provisions for deferred tax	13	<u>20.1</u>	<u>16.4</u>	<u>0.0</u>	<u>0.0</u>
Provisions		<u>20.1</u>	<u>16.4</u>	<u>0.0</u>	<u>0.0</u>
Mortgage debt		33.7	25.6	0.0	0.0
Bank loans, long term		61.4	58.4	0.0	0.0
Other long term liabilities		21.0	20.8	0.0	0.0
Lease liabilities		2.4	1.5	0.0	0.0
Non-current liabilities	14	<u>118.5</u>	<u>106.3</u>	<u>0.0</u>	<u>0.0</u>
Mortgage debt	14	2.5	2.5	0.0	0.0
Bank loans	14	265.4	216.6	6.8	0.0
Lease liabilities		1.2	0.8	0.0	0.0
Trade payables		76.7	62.4	0.1	0.1
Payables to group enterprises		0.0	0.0	6.1	6.6
Payables to main shareholder		0.6	0.6	0.6	0.6
Income tax payables		8.5	2.8	0.0	0.0
Other payables		40.9	65.6	0.0	0.1
Current liabilities		<u>395.8</u>	<u>351.2</u>	<u>13.7</u>	<u>7.4</u>
Total liabilities		<u>514.4</u>	<u>457.5</u>	<u>13.7</u>	<u>7.4</u>
Equity and liabilities		<u>788.2</u>	<u>722.2</u>	<u>267.4</u>	<u>255.8</u>
Proposed appropriation account	15				
Contingent liabilities	16				
Other notes	17-22				

# Statement of changes in equity

## Group

	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Hedging instruments - future transactions	Proposed dividend	Total equity
	DKKm	DKKm	DKKm	DKKm	DKKm	DKKm
Equity at 1 January 2024	1.4	1.0	225.5	1.4	19.0	248.3
Ordinary dividend paid					-19.0	-19.0
Exchange rate adjustments			0.0			0.0
Adjustments for hedges				-3.3		-3.3
Tax related to items recognised directly in equity				0.7		0.7
Profit for the year		-1.6	18.6		10.0	27.0
Equity at 31 December 2024	<u>1.4</u>	<u>-0.6</u>	<u>244.2</u>	<u>-1.3</u>	<u>10.0</u>	<u>253.7</u>

## Parent

	Share capital	Reserve for net revaluation according to the equity method	Retained earnings	Proposed dividend	Total equity
	DKKm	DKKm	DKKm	DKKm	DKKm
Equity at 1 January 2024	1.4	218.8	9.1	19.0	248.3
Ordinary dividend paid				-19.0	-19.0
Exchange rate adjustments		0.0			0.0
Adjustments for hedges		-3.3			-3.3
Tax related to items recognised directly in equity		0.7			0.7
Profit for the year		18.4	-1.4	10.0	27.0
Equity at 31 December 2024	<u>1.4</u>	<u>234.6</u>	<u>7.7</u>	<u>10.0</u>	<u>253.7</u>

## Cash flow statement

	<u>Notes</u>	<u>2024</u>	<u>2023</u>
		DKKm	DKKm
Profit for the year		27.0	37.6
Adjustments for non-cash items	21	93.1	80.8
Changes in working capital	22	-2.7	-41.1
Cash flows from operating activities before financial income and expenses and tax		117.3	77.3
Financial income, received		2.1	2.7
Financial expenses, paid		-18.3	-15.3
Income tax, paid (net)		1.6	-9.2
Cash flow from operating activities		<u>102.7</u>	<u>55.4</u>
Investments in intangible assets		-91.9	-82.5
Investments in tangible assets		-42.9	-82.6
Sale of tangible assets		0.3	0.0
Investments in other financial assets (net)		-0.3	7.0
Cash flow from investing activities		<u>-134.8</u>	<u>-158.1</u>
Repayment of mortgage debt		-1.8	-2.2
Change other long term liabilities		0.3	0.3
Change bank loans		48.8	66.8
New long term bank loans		3.0	58.4
New mortgage debt		10.0	0.0
Change lease liabilities		1.3	0.9
Dividend paid		-20.0	-20.0
Cash flow from financing activities		<u>41.6</u>	<u>104.2</u>
Increase / decrease in cash		9.4	1.6
Cash beginning of year		26.3	25.3
Exchange rate adjustments		-1.5	-1.5
Cash year end		<u>34.3</u>	<u>26.3</u>

## Notes to the financial statements

### 1 Revenue

The disclosures in the financial statements include a breakdown of revenue by geographical market based on the customer location.

	Group	
	2024	2023
	DKKm	DKKm
Geographical markets:		
Asia	282.9	252.6
Europe & Africa	357.1	337.7
Americas	125.7	125.0
	<u>765.6</u>	<u>715.3</u>

### 2 Other operating income

Other operating income comprise gains from disposals, reimbursements and other income not related to the primary operating activities.

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
Income from equity investments in group enterprises				
Share of earnings from subsidiaries	<u>0.0</u>	<u>0.0</u>	<u>29.4</u>	<u>39.0</u>
Share of earnings from associated companies	<u>-1.6</u>	<u>-0.1</u>	<u>-1.6</u>	<u>-0.1</u>
4 Financial income				
Exchange rate adjustment	1.3	0.0	0.0	0.0
Other financial income	0.8	2.7	0.2	0.0
	<u>2.1</u>	<u>2.7</u>	<u>0.2</u>	<u>0.0</u>
5 Financial expenses				
Exchange rate adjustment	0.0	1.6	0.0	0.0
Other financial expenses	18.3	13.8	0.1	0.0
	<u>18.3</u>	<u>15.3</u>	<u>0.1</u>	<u>0.0</u>

## Notes to the financial statements

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
6 Tax on profit for the year				
Current income tax	6.0	7.2	0.0	0.0
Adjustment of deferred tax	3.3	4.1	-0.2	-0.3
Tax for the year	9.2	11.3	-0.2	-0.3
Tax for the year comprises:				
Tax on profit for the year	10.0	11.8	-0.2	-0.3
Recognised in equity	-0.7	-0.5	0.0	0
	9.2	11.3	-0.2	-0.3
Tax on profit for the year comprises:				
Tax rate of 22% on profit before tax and Income from equity investments in group enterprises	8.5	11.0	-0.2	-0.3
Permanent differences	0.1	0.1	0.0	0.0
Effect of deviation of foreign subsidiaries' tax rate	2.9	2.5	0.0	0.0
Permanent differences related to research and development costs	-1.8	-1.8	0.0	0.0
Other taxes and adjustments	0.2	0.0	0.0	0.0
	10.0	11.8	-0.2	-0.3

## Notes to the financial statements

	Developm ent projects	Goodwill
	DKKm	DKKm
7 Intangible assets		
Group		
Cost beginning of year	479.8	14.7
Additions for the year	91.9	0.0
Disposals for the year	0.0	0.0
Cost end of year	<u>571.8</u>	<u>14.7</u>
Depreciation and impairment beginning of year	280.6	14.7
Depreciation for the year	49.3	0.0
Disposals during the year	0.0	0.0
Reversal of depreciation and impairments on disposals	0.0	0.0
Depreciation and impairment year end	<u>329.9</u>	<u>14.7</u>
Carrying amount year end	<u>241.8</u>	<u>0.0</u>
Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets:	3-10 years	3-10 years
	<u>2024</u>	<u>2023</u>
	DKKm	DKKm
Depreciation and impairment of intangible assets is recognised as:		
Research and development costs	<u>49.3</u>	<u>46.5</u>
	49.3	46.5

Development projects consist of new products and solutions to be used in decentralized power production and power management. The cost mainly includes direct salary costs, consultancy costs and purchased materials. This is registered in the internal project management tool.

The booked value as of 31 December 2024 totals 241.9 MDKK – of this 62.5 MDKK related to development projects in progress. New products and solutions is expected to significantly contribute to the revenue in the coming years.

## Notes to the financial statements

	Land and buildings DKKm	Plant and machinery DKKm	Other fixtures and equipment DKKm	Leasehold improvements DKKm	Property, plant and equipment under construction DKKm
<b>8 Tangible assets</b>					
<b>Group</b>					
Cost beginning of year	133.4	96.4	72.9	5.7	66.7
Exchange rate adjustment			-0.5		
Additions for the year	6.1	11.0	13.0	0.2	12.5
Disposals for the year		-0.2	-1.1		
Transferred during the year	42.1	16.8	4.5		-63.5
<b>Cost end of year</b>	<b>181.6</b>	<b>124.0</b>	<b>88.8</b>	<b>5.9</b>	<b>15.8</b>
Depreciation beginning of year	66.0	84.6	58.3	5.0	0.0
Exchange rate adjustment			-0.1		
Depreciation for the year	6.9	5.8	6.2	0.4	
Reversal of depreciations on sold assets		-0.1	-1.0		
<b>Depreciation end of year</b>	<b>72.9</b>	<b>90.3</b>	<b>63.4</b>	<b>5.4</b>	<b>0.0</b>
<b>Carrying amount end of year</b>	<b>108.7</b>	<b>33.7</b>	<b>25.4</b>	<b>0.5</b>	<b>15.8</b>
Depreciations	25 - 50 years	5 - 10 years	3 - 10 years	5 years	-
Of which financial leases assets	0.0	0.0	7.2	0.0	0.0

	2024 DKKm	2023 DKKm
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### Group

Depreciation and impairment of tangible assets, and profit or loss from the sale of tangible assets is recognised as:

Production costs	5.6	2.5
Research and development costs	2.0	1.2
Distribution costs	7.5	5.2
Administration costs	4.0	2.7
	<b>19.1</b>	<b>11.6</b>

## Notes to the financial statements

### 8 Tangible assets (continued)

Parent	<u>Land and buildings</u> DKKm
Cost beginning of year	3.3
Additions for the year	<u>0.0</u>
Cost end of year	<u>3.3</u>
Depreciation beginning of year	0.1
Depreciation for the year	<u>0.1</u>
Depreciation end of year	<u>0.3</u>
Carrying amount end of year	<u>3.1</u>
Depreciations	<u>25 - 50 years</u>

<u>2024</u>	<u>2023</u>
DKK 1,000	DKK 1,000

Depreciation and impairment of tangible assets, and profit or loss from the sale of tangible assets is recognised as:

Administration costs	<u>0.1</u>	<u>0.1</u>
	<u>0.1</u>	<u>0.1</u>

## Notes to the financial statements

Parent	2024	2023
	DKKm	DKKm
9 Investments		
Equity investments in group enterprises		
Cost beginning of year	7.0	7.0
Additions for the year	0.0	0.0
Cost end of year	7.0	7.0
Net revaluations beginning of year	237.8	221.7
Exchange rate adjustments	0.0	-1.1
Profit for the year	29.4	39.0
Dividend paid to the parent company	-20.0	-20.0
Hedging instruments - future transactions	-3.3	-2.3
Tax related to items recognised directly in equity	0.7	0.5
Net revaluations end of year	244.6	237.8
Carrying amount year end	251.6	244.7

### Investment in subsidiaries:

Name, place	Paid in capital (TDKK)	Ownership	Equity (DKKm)	Profit for the year (DKKm)
DEIF A/S, Skive, Denmark	5,155	100%	251.6	29.4

### Associated companies

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
Cost beginning of year	1.0	1.0	1.0	1.0
Addition during the year	2.5	0.0	2.5	0.0
Cost end of year	3.5	1.0	3.5	1.0
Re-evaluation beginning of year	1.0	1.2	1.0	1.2
Profit for the year	-1.6	-0.1	-1.6	-0.1
Re-evaluation end of year	-0.6	1.0	-0.6	1.0
Carrying amount year end	2.9	2.0	2.9	2.0

### Investment in associated companies:

Name, place	Paid in capital (TDKK)	Ownership
Fossflakes A/S, Skive, Denmark	667	28.8%

## Notes to the financial statements

### 9 Investments (continued)

Group	Securities	Deposits
	DKKm	DKKm
Cost beginning of year	0.2	2.6
Additions for the year	0.0	0.2
Disposal for the year	0.0	0.0
Cost end of year	0.2	2.8
Carrying amount year end	0.2	2.8
		Securities
		DKKm
Parent		
Cost beginning of year		0.2
Disposal for the year		0.0
Cost end of year		0.2

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
10 Inventories				
Raw materials and consumables	114.8	150.1	0	0
Work in progress	6.8	5.4	0	0
Manufactured goods and goods for resale	47.7	52.4	0	0
Indirect production costs	1.7	1.8	0	0
Internal profit on stock	-18.1	-14.8	0	0
	152.9	194.9	0	0

## Notes to the financial statements

### 11 Prepayments

Prepayments comprise prepaid costs incl. insurance, rent etc.

### 12 Equity

Total contributed capital of DKK 1.412.000 is allocated in shares of DKK 1 each.

	<u>2024</u>	<u>2023</u>
	Shares	Shares
Own shares	51.000	51.000
% of total capital	3.6%	3.6%

	<u>Koncern</u>	
Contributed capital:	<u>Shares</u>	<u>Nominal Value</u>
A-shares	1.270.800	1.270.800
B-shares	141.200	141.200
	<u>1.412.000</u>	<u>1.412.000</u>

	<u>Group</u>		<u>Parent</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	DKKm	DKKm	DKKm	DKKm
13 Provisions for deferred tax				
Intangible assets	50.4	41.6	0.0	0.0
Tangible assets	4.0	2.7	0.0	0.0
Inventories	-0.3	0.4	0.0	0.0
Trade receivables	0.4	-1.4	0.0	0.0
Prepayments	-0.2	0.2	0.0	0.0
Borrowing costs	0.8	-0.3	0.0	0.0
Tax loss carryforwards	-34.9	-26.8	-0.7	-1.0
	<u>20.1</u>	<u>16.4</u>	<u>-0.7</u>	<u>-1.0</u>

Deferred tax is calculated based on the current tax rate (22%)

Deferred tax beginning of year	16.4	12.3	-1.0	-0.7
Recognised in the income statement	2.7	3.6	0.2	-0.3
Recognised directly in equity	0.7	0.5	0.0	0.0
	<u>20.1</u>	<u>16.4</u>	<u>-0.7</u>	<u>-1.0</u>

## Notes to the financial statements

### 14 Non-current liabilities

Repayments due with-in 1 year is classified as short term liabilities. Other liabilities is recognised as long term liabilities.

Non-current liabilities falls due as follows:

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
Mortgage debt				
After 5 years	23.5	16.6	0.0	0.0
Between 1 and 5 year	10.2	9.0	0.0	0.0
Non-current	33.7	25.6	0.0	0.0
With-in 1 year	2.5	2.5	0.0	0.0
	36.3	28.1	0.0	0.0
Bank loans				
After 5 years	37.0	27.4	0.0	0.0
Between 1 and 5 year	24.4	31.0	0.0	0.0
Non-current	61.4	58.4	0.0	0.0
With-in 1 year	265.4	216.6	6.8	0.0
	326.8	275.0	6.8	0.0
Lease liabilities				
Between 1 and 5 year	2.4	1.5	0.0	0.0
With-in 1 year	1.2	0.8	0.0	0.0
	3.6	2.3	0.0	0.0
Other long term liabilities				
Between 1 and 5 year	21.0	20.8	0.0	0.0
	21.0	20.8	0.0	0.0
15 Proposed distribution of profit				
Proposed dividend for the financ	10.0	19.0	10.0	19.0
Reserve for net revaluation	-1.6	-0.1	18.4	36.1
Retained earnings	18.6	18.7	-1.4	-17.5
	27.0	37.6	27.0	37.6

## Notes to the financial statements

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
16 Contingent liabilities				
Lease- and rent commitments				
Rent obligation, up to 60 months.	22.6	13.0	0	0
Lease obligation related to machinery and company cars	17.3	18.8	0	0
Securities and guarantees				
Below assets has been used as security for mortgage loans:				
Land and buildings and buildings with a carrying amount of	105.7	64.3	0	0
Below assets has been used as security for bank loans:				
Other securities and cash with a carrying amount of	0.3	0.3	0	0
Guarantee towards the bank	1.7	1.7	0	0
Company pledge towards the bank	60.0	60.0	0	0
Guarantees towards selected vendors and other	0.0	0.0	0	0

The shares in DEIF A/S has been used as security towards the Groups bank loan facilities.

The company has provided a guarantee whereby the guarantor assumes primary liability for Groups bank loans. The Groups debt to the bank amounts to 327 MDKK at the balance sheet date.

### Contractual obligations

The company has entered into frame agreements with selected vendors regarding ongoing purchases.

### Contingent liabilities

The groups danish subsidiaries are jointly liable for the Danish joint taxation of which FJV Foss Holding A/S is the administrative entity.

## Notes to the financial statements

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
17 Fee to auditors appointed at the annual general meeting				
Fee for statutory audit	0.5	0.5	0.1	0.1
Other services	0.1	0.1	0.0	0.0
	<u>0.6</u>	<u>0.6</u>	<u>0.1</u>	<u>0.1</u>
18 Staff costs				
Wages and salaries	324.2	283.7	0.7	0.8
Pensions	24.3	23.3	0.0	0.0
Other social security expenses	26.7	23.8	0.0	0.0
	<u>375.2</u>	<u>330.7</u>	<u>0.7</u>	<u>0.8</u>
Staff costs has been recognised as:				
Production costs	72.1	59.3	0.0	0.0
Research and development cost	91.6	74.5	0.0	0.0
Distribution costs	168.1	159.2	0.0	0.0
Administration costs	43.5	37.7	0.7	0.8
	<u>375.2</u>	<u>330.7</u>	<u>0.7</u>	<u>0.8</u>
Hereof salaries and wages for Executive Board and Board of Directors	<u>6.0</u>	<u>5.3</u>	<u>0.7</u>	<u>0.8</u>
Average number of employees	<u>567</u>	<u>524</u>	<u>2</u>	<u>2</u>

According to section 98b(3), no. 1 of the Danish Financial Statement Act, remuneration of the Executive Board and the Board of Directors are disclosed as one item.

## Notes to the financial statements

### 19 Related parties

Toke Foss, Tikøb, Danmark, has controlling interest in the company as holder of the majority of the voting rights.

The transactions with related parties relates to normal remuniation to the board of directors, and settlement of tax with-in the Group. All transactions with related parties is carried at arms lengths.

### 20 Derivative financial instruments

The company has financial contracts related to currency hedges and interest swaps.

Fair value of derivative financial instruments at the balance sheet date:

	Group		Parent	
	2024	2023	2024	2023
	DKKm	DKKm	DKKm	DKKm
Assets	0.0	1.2	0.0	0.0
Liabilities	2.1	0.0	0.0	0.0

Currency hedges and interest swaps has been made to hedge the future cash flow. The fair value of currency hedges and interest swaps on the balance sheet date totals 2.1 MDKK currency hedges and interest swaps expire in 2025."

Currency hedges and interest swaps has been valued at fair value based on the value of interest rate and currency in the open marked.

## Notes to the financial statements

	2024	2023
	DKKm	DKKm
21 Adjustments for non-cash items		
Financial income	-2.1	-2.7
Financial expenses	18.3	15.3
Depreciation and impairment of intangible and tangible fixed assets	68.5	58.1
Loss/gain from the sale of fixed assets	0.0	0.4
Share of earnings from associated companies	1.6	0.1
Adjustment for derivative financial instruments excl. Tax	-3.3	-2.3
Tax on profit for the year	10.0	11.8
	<u>93.1</u>	<u>80.8</u>
22 Changes in working capital		
Change in inventory	42.0	-42.1
Change in receivables	-33.1	35.8
Change in trade payables etc.	-11.6	-34.8
	<u>-2.7</u>	<u>-41.1</u>

## Accounting principles

### Basis of preparation

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) for large enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

The annual report is prepared in DKK million.

### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below. On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

### Basis of consolidation

The consolidated financial statements comprise FJV Foss Holding A/S (Parent) and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

The consolidated financial statements are prepared on the basis of the financial statements of FJV Foss Holding A/S and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies. Subsidiaries' financial statement items are recognized in full in the consolidated financial statements.

## Accounting principles

On recognition of subsidiaries, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with subsidiaries, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognized under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognized asset or a recognized liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are classified directly in equity. When the hedged transactions are realized, the accumulated changes are recognized as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

# Accounting principles

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognized in the income statement when delivery is made, and risk has passed to the buyer. Revenue is recognized net of VAT, duties and sales discounts and measured at fair value of the consideration fixed.

### Production costs

Costs incurred, directly or indirectly, to generate the revenue for the year, including raw materials and consumables, wages and salaries and lease of and depreciation, amortization and impairment losses on the fixed assets used in the production process, are recognized under production costs.

### Research and development costs

Research and development costs includes wages and salaries, depreciation, amortization and impairment losses on the development projects and other costs directly or indirectly associated with development activities.

### Distribution costs

Costs for the distribution of goods sold during the year and sales campaigns etc., including wages and salaries for sales staff, advertising and exhibition costs etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used in the distribution and sales activity, are recognised under distribution costs.

### Administration costs

Costs incurred during the year for management and administration, including wages and salaries for administrative staff and management as well as office premise expenses, office expenses, bad debts etc. and lease of and depreciation, amortisation and impairment losses on the fixed assets used for administration, are recognized under administrative costs.

### Income from equity investments in group enterprises

For equity investments in equity investments in subsidiaries, measured using the equity method, the share of the enterprises' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortization and impairment losses.

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

### Other net financials

Interest income and interest expenses etc. are recognized in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

## Accounting principles

### Other operating income

Other operating income comprise gains from disposals, reimbursements and other income not related to the primary operating activities.

### Tax on profit for the year

The current and deferred tax for the year is recognized in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

FJV Foss Holding A/S is the administrative entity in the jointly taxed Danish companies. The current Danish income tax is allocated among the jointly taxed companies proportionally to their taxable income (full allocation with a refund concerning tax losses). Foreign subsidiaries is not included in the joint taxation.

### Balance sheet

#### Development projects

Development projects are recognised in the balance sheet where the project aims at developing a significant specific product or software platform, intended to be produced or used, respectively, by the company in its production process or products.

On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use.

Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortization and impairment losses.

Development projects are depreciated on a straight-line basis over the useful life, which is 3-10 years. An amount corresponding to capitalized development costs occurred after 1 January 2016 including tax, has been recognized as “Reserve for research and development costs” in equity. The reserve is reduced by the following depreciations.

## Accounting principles

### Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives (3-5 years), which are stated in the 'Depreciation and impairment losses' section.

### Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and equipment, leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition, and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings 25 – 50 years

Plant and machinery 5 – 10 years

Other fixtures and equipment 3 – 10 years

Leasehold improvements 5 years

Property, plant and equipment under construction are measured at cost. Costs incurred on property, plant and equipment under construction are transferred to the relevant asset category when the asset is ready for use. Land is measured at cost with no subsequent depreciations.

### Equity investments in group enterprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the parent company financial statements.

Subsidiaries and associates with a negative equity value are measured at zero value, and any receivables from these enterprises are written down by the Parent's share of such negative equity if it is deemed irrecoverable. If the negative equity exceeds the amount receivable, the remaining amount is recognized under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in subsidiaries and associates is transferred to reserve for net revaluation according to the equity method under equity.

## Accounting principles

### Impairment losses

The carrying amount of assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation. If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

### Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable. Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the company.

### Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

## Accounting principles

### Cash

Cash includes deposits in bank account.

### Equity

The net revaluation of equity investments measured according to the equity method is recognized in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

### Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognized on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

### Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognized in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

## Accounting principles

### Cash flow statement

The cash flow statement of the Group is presented using the indirect method and shows cash flows from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and the end of the financial year. No separate cash flow statement has been prepared for the Parent because it is included in the consolidated cash flow statement. Cash flows from operating activities are calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with fixed asset investments as well as purchase and sale, etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise of debt raised and repayments of short- and long-term loans as well as payment of dividend. Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.

### Financial highlights

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The financial ratios have been calculated as follows:

Gross margin:  $\text{Gross profit} \times 100 / \text{Revenue}$

EBITDA margin:  $\text{Earnings before interest, taxes, depreciation and amortization} \times 100 / \text{Revenue}$

Profit ration (EBIT):  $\text{Earnings before interest, taxes} \times 100 / \text{Revenue}$

Return on capital employed:  $\text{Earnings before interest, taxes (EBIT)} \times 100 / \text{Balance sheet total}$

Solvency ratio:  $\text{Equity at year end} \times 100 / \text{Total assets}$

Return on equity:  $\text{Profit for the year} \times 100 / \text{Average equity}$