
Bucher Municipal A/S

Lillehøjvej 15, DK-8600 Silkeborg

Annual Report for 2024

CVR No. 20 01 00 88

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 26/5 2025

Per Stougaard Lovring
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bucher Municipal A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and of the results of the Company operations for 2024.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Silkeborg, 26 May 2025

Executive Board

Per Stougaard Lovring
Executive Officer

Per Rahbech Pedersen
Executive Officer

Board of Directors

Aurelio Lemos Villanueva
Chairman

Jörg Hüchting

Thomas Walter Brustio

Independent Auditor's report

To the shareholder of Bucher Municipal A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 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.

We have audited the Financial Statements of Bucher Municipal 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 a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

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

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.

Aarhus C, 26 May 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Keld A. M. Nielsen
State Authorised Public Accountant
mne40037

Ane Hørbye Karlsen
State Authorised Public Accountant
mne50648

Company information

The Company	Bucher Municipal A/S Lillehøjvej 15 DK-8600 Silkeborg CVR No: 20 01 00 88 Financial period: 1 January - 31 December Incorporated: 24 March 1997 Financial year: 28th financial year Municipality of reg. office: Silkeborg
Board of Directors	Aurelio Lemos Villanueva, chairman Jörg Hüchting Thomas Walter Brustio
Executive Board	Per Stougaard Lovring Per Rahbech Pedersen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

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

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	456,054	411,269	579,544	619,323	597,693
Gross profit	121,999	103,629	163,755	197,461	207,533
Profit/loss of primary operations	-11,393	-22,447	-3,736	37,607	33,714
Profit/loss of financial income and expenses	-6,355	-3,252	-2,078	-1,782	23,265
Net profit/loss for the year	-17,247	-26,586	1,603	28,142	50,158
Balance sheet					
Balance sheet total	400,527	404,268	432,943	326,609	327,198
Investment in property, plant and equipment	4,952	20,065	2,577	2,400	2,016
Equity	80,779	97,810	123,948	152,068	136,067
Number of employees	226	254	268	281	305
Ratios					
Gross margin	26.8%	25.2%	28.3%	31.9%	34.7%
Profit margin	-1.3%	-4.8%	0.7%	6.1%	5.6%
Return on assets	-1.5%	-4.9%	0.9%	11.5%	10.3%
Solvency ratio	20.2%	24.2%	28.6%	46.6%	41.6%
Return on equity	-19.3%	-24.4%	1.2%	19.5%	51.2%

In connection with the discontinuing activities, the comparative figures for 2020, 2021 and 2022 have not been restated.

Management's review

Main activities

Bucher Municipal A/S manufactures truck-mounted sewer cleaning units, and special truck mounted sweeping and pressure water cleaning machines. The systems are built to stand up to the heavy daily use year after year with maximum working time and minimum fuel consumption to benefit both the environment and the end-user's operating economy.

To develop the business and create the best customer experience, the company also provides a substantial global service and spare parts business supporting the customers in getting the best possible benefit from their sewer cleaning or sweeper unit.

The sewer cleaning units and the special truck mounted sweepers are sold primarily on the market in Europe but suited globally all over the world.

The business is positively influenced by several global trends, as the Bucher Municipal products are supporting the world-wide urbanization and pressure on infrastructure. Climate changes and environmental responsibility also calls for cleaning and clearing, which is supported by our products. During the periods with heavy rain, our machines played a significant role in cleaning and clearance of roads and places.

Development during the year

2024 was a challenging year for Bucher Municipal. Despite positive market trends and conditions, the market situation was difficult due to macroeconomic factors around Europe. To finance the products became an increasingly problem for our customers, and especially in UK, where impacts from a general weak economy, impacted the demand significantly. The same picture was observed in the Nordic region, where the Swedish and Norway currency continued to become weak, impacting the demand for our products during the year.

In 2024, Bucher Municipal have down scaled its production of the special truck mounted sweeper machines, and during 2025 the last units will become produced at the factory in Them. Bucher Municipal will continue to deliver the truck mounted sweeper machines, produced out of our factory in United Kingdom. Bucher Municipal will continue to service the market with spareparts and service for our customers products. In the annual report, additional information about the ceasing activity is included. In the management review, the management comment on both continuing and discontinuing business activities.

By ramping down the production of sweepers in Denmark, Bucher Municipal can have a much more focused strategy within the remaining part of the business. It is a strategy to grow the sewer cleaning business, by having full customer focus and introduce our products into new markets.

Despite difficult market conditions, Bucher Municipal grew the business during 2024, both within sales of new machines and within after sales. Together with a full focus of reducing the cost basis, the profitability of the company increased, compared with 2023.

Bucher Municipal DK are not impacted by the ongoing war in Ukraine, nor the war in Israel as well, as the company directly or indirectly not have any customers or suppliers in the regions.

After a few years where the electrification has moved slow, Bucher Municipal observed increasing interest for electrical products during the year. New generation of battery capacity are increasing, and it is now possible also to deliver 3 axis units as electrical products. Bucher municipal delivered the first units of such products during the year.

The company are still confident that the trend toward electrification continue and expect further demand of such products in the years to come.

During 2024, the company went live with a new ERP system. The project has been comprehensive and time consuming but is now operating according to expectations. The company will continue the digital journey during 2025 to becoming even more efficient in all aspects of the company.

Management's review

Bucher Municipal DK are located at three locations around Silkeborg. Because of the down scaling of the truck mounted sweeper business in Them, the company will during 2025 not operate at that site anymore. The company still plan to merge the remaining two locations together at a land plot in Paarup, that was acquired in 2023.

During 2024, the company have prepared themselves for the tendering phase of the new location, which is expected to take place in the first half of 2025.

In 2024 revenue increased with 6 % to 522 million DKK, and below the expected turnover in the range of 570-600 million DKK. Although sales were higher than previous year, the difficult market conditions still impacted the revenue. In addition, longer introduction period at new markets also impacted the revenue expectations.

EBIT amounts to -13,8 million in 2024, which is an increase of 11,9 million compared to 2023. The EBIT was expected in the range of DKK 20-25 million, why the result was unsatisfying for the company.

The negative EBIT was related to an activity level below expectations, but also an unfavorable product mix impacted EBIT. On top of this manufacturing costs was higher than expected certainly at a specific customer order. The implementation of new ERP system was also costly and impacted EBIT more than expected. Finally inventory counting and valuation have also impacted EBIT for the year.

Net profit before tax amounts to DKK -22,1 million DKK, compared to DKK -34,8 million DKK in 2023.

Income statement

Revenue in 2024 amounts to DKK 522 million which is an increase of 6 % compared to DKK 492 million in 2023.

Gross profit in 2024 has increased to DKK 145 million compared to DKK 132 million in 2023. The increase in gross profit is led by increase in sales, especially in the UK market. In addition, production efficiency were higher than in 2023, and together with a couple of strategic initiatives, improved the gross profit for the year.

Staff expenses in 2024 amounts to DKK 151 million, which is a decrease from previous year of 3 million DKK.

At the same time, the average number of full time employee has decreased to 226, compared to 254 employees in 2023.

EBIT in 2024 amounts to DKK -13,8 million, compared to DKK -25,6 million in 2023. The company forecasted EBIT in the range of DKK 20-25 million, but also expected more smooth market conditions than we actually phased.

Net profit of DKK -17,2 million in 2024 is significantly higher than net profit of DKK -26,6 million in 2023. The result is reflecting the difficult market conditions

Management considers the 2024 result as unsatisfactory.

Balance sheet

The balance sheet amounts to DKK 401 million which is a change of DKK 4 million compared to previous year.

Inventory decreased during the year but was still at high level.

The company decreased the debt to group companies with 1 million DKK, and the group company debt now amounts to 211 million DKK.

Targets and expectations for 2025

The company expects growth within sewer cleaning in 2025. Market conditions are becoming brighter and there is an increase in market activity, driven by among other things climate changes. The significantly

Management's review

changes in climate and the transformation into electrification and sustainable solutions are both important market trends for 2025.

The company continue to work with strategic initiatives that will support the financial development for the company. This includes increased sales activities at new markets and review of the current cost structure of our products.

The company expects the activity level during 2025 will increase, and revenue is forecasted in the range of DKK 550-575 million.

The company expect that the company's profitability in 2025 will increase significantly from this year, and the company estimates EBIT in the range of DKK 15-20 million.

Risks

Supply Risks

The company uses several suppliers on significant raw materials and components to mitigate the risk of being dependent of single suppliers. However, for some key components there is a high degree of supplier dependency mitigated by strong and close cooperation with these suppliers. The company also operates strategic with safety stocks, to avoid shortages of components, due to the global backlog issues.

Currency Risk

Majority of trade is settled in DKK, EUR, USD and GBP.

Management reviews the currency exposure frequently and significant transactions in other currencies than DKK and EUR are hedged. Hedging is carried out based on the yearly budget to cover risks of the expected cash flow during the coming year. If the cash flow expectations changes during the year the hedging is updated accordingly.

Interest rate risks

The company is exposed to interest rate risk on credit facility from both external lenders and from the parent company. The risk is considered low.

Credit risks

Credit risk is assessed customer by customer. The company use credit evaluation on regular basis, to understand any potential trading risk. Prepayment is used frequently for sales of our products, and according to the standard contract the company has ownership of the unit, until the full amount has been paid. Further, a major part of sales is traded within group companies, hence reducing the credit risk for Bucher Municipal A/S significantly.

Statement of corporate social responsibility

Bucher Municipal A/S takes responsibility for its products and production, also when it comes to social aspects, which is in line with the company's CSR policy and core values.

Business model

Please refer to description of main activities on page 6 in this management report.

Risk assessment

Risk assessment is an essential part of the daily operations at Bucher Municipal A/S. An identified risk is considered an opportunity to improve, thus the company actively uses risk analysis to be able to proactively contribute to preventing impact on the environment and climate quality on the market. This gives an

Management's review

opportunity to optimize products and processes to reduce negative impact on the environment and climate, social and employee matters, human rights, and anti-corruption customers and other persons/material.

Risks on health, safety, environment, and climate apply to the entire value chain from product development to suppliers, production, and service. The production is carried out in Denmark where the company sets the local laws and regulations as a minimum requirement in relation to health, safety, environment, and climate but also towards our suppliers.

On social and employee matters the company follows both local legislation as well as basic conventions on employee rights as defined by the International Labor Organization. The company takes responsibility for the well-being of the employees and is considered a safe workplace. This is done by creating specific safety target to be achieved, and at the same time analyzing all lost time injuries thoroughly, to improve all critical work processes where injuries appear to happen. The company is also monitoring the workplace to mitigate if any risks should be identified.

The company acknowledge the importance of knowledge and competences in the company. To continue the positive journey of the company, we are fully dependent on our skilled employees. Therefore, the company are working with leadership for all our leaders, and competence development for all employees.

Bucher Municipal A/S has zero tolerance for all forms of bribery, corruption, extortion, or embezzlement, both in relation to its own employees, but also in relation to all external stakeholders. The company's strategic plan has an ambition on growth and expansion into new markets, therefore the corruption risk is continuously assessed. The company mainly operates in countries where the level of prosperity and welfare is high and social norms and cultures focus on respecting human rights. Further, the company is a part of an international business group, who has defined high ethical standards no matter where in the world business are made.

It is a management priority to follow-up on risks in respect of the business model. This is done by E-learning, training, and CSR focus in management meetings. In addition and together with the business group, the management have had full focus on the EU regulative for CSR in order to implement the framework for 2025.

Environment and climate

Sewer cleaning units and sweeper machines play a key role in safeguarding the environment around the world. An investment in our products from Bucher Municipal A/S is also an investment in the environment. Currently the company develops electric solutions for Cityflex and Flexlines products, supporting market demands for sustainable and environmentally friendly products.

Product development has a constant focus on developing and improving our products to become the most environment friendly and energy efficient in the market. It is the ambition to continue the development of products of low emission products, supporting sustainability in our offerings.

Our RECyler® unit continuously cleans the jetting water, which makes it immediately available for reuse. This reduces refilling and transportation time making it more environmentally friendly than its competitors. In addition, it is an advantage for the customer as it increases flexibility and operating hours and decreases fuel consumption.

Bucher Municipal A/S has an ongoing focus on environment and the company has implemented an environment policy that focus on efficient use of water, raw materials, and other natural resources.

Market trends is about increasing focus on electrification and digitalization to increase monitoring of unit performance that can lead to reduced energy consumption and better utilization of our products. Bucher connect is a tool developed by Bucher, that can help customers to achieve better utilization of their products, gaining competitive advantage to other products.

The company sees itself as being among the main drivers in leading the change, to fulfil the ambitious selected UN Sustainable Development Goals by 2030. The company works on developing sustainability actions plans to help the world moving in a better and more sustainable direction.

Management's review

Bucher Municipal A/S considers CSR and sustainability the core of the business. The company's CSR and sustainability agenda, objectives and targets are aligned with the UN Sustainable Development Goals (SDGs). The most relevant SDGs have been mapped to the business and objectives:



In 2024 the company has continuously achieved strong results within the environmental targets. Focus on waste materials reused from production have been a strong priority for management and is showing positive trends.

The company also maintained its ISO9001, ISO14001 and ISO45001 certifications. These certifications supported the company in the aim of achieving increased focus on energy management and work environment. By continued and strong focus on environment and climate, the company have not identified any major risks.

The company will in the coming years increase focus within environment and climate, reduce emissions and produce products that support our climate goals within the company.

The main risks in relation to the Environment and to the Climate are the unforeseen changes in by nature and by our consumption for manufacturing. The main environmental aspects and impacts are identified in an internal analysis. All identified aspects are a part of the company focus areas in reducing such all impacts on the environment.

Another main risk is the continued availability of energy sources to being able to continue the production. Until now the local supply of energy has been stable and sufficient without any shutdown periods. The supply of energy sources is a main risk as the energy sources may vary due to e.g. wars and changes in climate.

The company strives towards using sustainable energy sources and continuously improve and reduce our CO₂ footprint.

The company environmental goals are meet in 2024 and the focus on recycling more waste continues as the methods for recycling evolves rapidly.

In 2024 the energy consumption and the CO₂ emission was reduced according to the plan. In addition the company also acquired energy quotes during the year.

Human rights and working conditions

The company continues to focus on employee satisfaction, as the ability to attract qualified labor is crucial for the company's competitiveness. A performance and development interview are carried out once a year for all employees. The company's occupational health and safety committee works to continuously improve the collaboration across functions, departments, and seniority.

Bucher Municipal A/S has implemented an occupational health and safety policy named "Our Responsibility". "Our responsibility" is implemented to ensure that employees are well cared for and enjoy a safe work environment.

Respect for human right is firmly rooted in core values, and Bucher Municipal A/S has implemented an employee policy, where human rights according to OECD guidelines have been implemented

The targets of the working environment policy are beside achieving the certification after ISO45001, the following:

Management's review

- Zero accidents at work
- Compliance with working environment legislation
- Careful work planning
- Continuously improving occupational health and safety
- Following up on working environment as a management task
- Focus on well-being and employee attendance to work

In general, management focus on and prioritize health and safety, by monitoring and measuring incidents at the company. Further, in 2024 actions are taken to reduce incidents to secure a safe working place for all employees.

In addition, the company have introduced human rights policies in the management system. These policies are available for all employees and introduced to new employees through the employee handbook.

The company intends to complete employee survey on yearly basis.

On yearly basis, E-learning exercises are distributed and mandatory for employees to fulfill. The company also have a zero tolerance regarding violations of human rights, and any upcoming issues are discussed and solved at management meetings. Management will sustain focus on this activity forthgoing, managing any potential risk.

The main risk of violation of human rights and working conditions, would influence the company's reputation. It is therefore the aim of the company, to keep high standards within human rights and working conditions at all our sites.

Another risk of violating working conditions could impact working injuries, damaging the safety of the work force.

The company believes 2024 was another year where it moved itself in the right direction. The work environment committee defined goals and meet regularly to follow up and initiate new initiatives, to improve working conditions.

Business Ethics and Compliance

Within Bucher Group a Code of Conduct has been established.

The Code of Conduct is a general guideline on how to do business daily as a member of Bucher Group. Amongst others this includes.

- Compliance with laws and regulations
- Health, Safety, and environment
- Anti-bribery
- Employment relations
- IT and data protection
- Whistleblower policy and reporting tool

Bucher Municipal A/S complies with the Code of Conduct and is doing business within this framework. Employees are requested to undergo yearly training to ensure compliance in this respect, and all new employees must read and sign an agreement that they will act according to the principles.

Bucher Municipal A/S also takes responsibility within the supply chain and therefore strategic suppliers are reviewed and requested to sign and comply with the code of conduct.

Management's review

The company have procedures in place in respect of trade compliance, and most customers, suppliers and components have been screened. In 2024, The company did not find any critical incidents, as a part of the screening. The trade compliance check has been implemented as an operational procedure hence customers, suppliers and components will be screened on a temporary basis.

Bucher intends to introduce regular customer surveys. Such customer input is an important element in improving our company, in all aspects of ESG and business driven targets.

Anti-corruption

Bucher Municipal A/S complies with the Bucher anti-corruption directive. The directive includes general descriptions of corruption and bribery, how to ensure not to engage into corrupt business and procedures to be followed in case of bribery or corruption.

Employees are requested to undergo yearly training to ensure compliance with the directive and all new employees must read and sign an agreement that they act and comply accordingly. By training, it is the company's opinion that it has the necessary protection against anti-corruption issues and such. The company will maintain the yearly training and follow-up to keep the high implemented standards.

Thanks to the high standards, there was no issues in 2024 in respect of anti- corruption. Due to actively working with anti-corruption we do not see the risk of corruption occurring

In 2025, Bucher Municipal A/S will continue its work of zero tolerance of anti corruption in accordance with the directives in the group.

Human rights

The policy of Human rights within Bucher Municipal A/S is formalized in the code of conduct, which all employees are requested to sign and comply with as mentioned above. There has not been registered any single cases in 2024, in respect of not living up to human rights. Management trust that by setting high ethical standards discussed at management meetings, together with mandatory E-learning programs for all employees, that it has taken all necessary steps to reduce any risks in respect of the principles regarding human rights.

The following principles apply:

- We promote a working culture that fosters mutual respect, openness and individual integrity.
- We respect local standards of occupational safety and health regulations.
- We base access to employment and promotion on personal skills, abilities, and performance, not on gender, race, or other discriminatory factors.
- We encourage employee/management communication.
- We do not use forced, compulsory or child labor.
- We do not tolerate workplace violence including threats, threatening behavior, harassment, intimidation, and similar conduct.
- We protect employees' personal data and privacy.

In 2025, the company will continue the work with human rights, according to the code of conduct and Bucher policies in general.

Statutory statement regarding the underrepresented gender in accordance with section 99 b of the Danish Financial Statements Act

The company is working on complying with provisions of the law for the underrepresented gender in the upper management body and on other management levels.

Management's review

Targets for Board of Directors

The Board of Directors consists of three members. All Board of Directors are gender males, appointed on annual meeting.

Bucher Municipal A/S has targets and a policy for the gender composition in management. The target for female representation on the board of directors elected by the general meeting was 25 percent by 2024. The shareholders have not succeeded in finding a female candidate for the board of directors within 2024, hence there were 0 % percent female representation in the board in 2024 (2023: 0 %) and therefore the target has been extended for another year until the end of 2025. The company have an ongoing dialog with the ultimate owners, of how to achieve the target of female representation in the board.

Diversity in other management levels

The company is also considering diversity in other management levels than the Board of Directors.

The long-term aim is that the company reflects the surrounding society and especially the company's customers, not only in terms of gender, but also in terms of nationality and ethnicity. This reflection of the surrounding society is to contribute to the company being an attractive choice for customers as well as present and future employees, and in this way enabling the company to achieve its long-term business goals.

The policy of the company states that women are encouraged equal as men to apply for vacant positions in the company. The company strives to present a field of mixed gender candidates when filling an open position.

Women are also guaranteed the same rights and conditions during their employment as men. In connection to this, personnel are ensured good conditions regarding maternity leave, flexible working hours and the possibility to work from home.

Management acknowledges that women are still underrepresented and will continue to attract women in all levels of the organization. The target is to have a fair share (25 %) of women at all management level.

In 2024 the management group and middle management consisted of 28 members, including 3 female managers, corresponding to 11 %. (2023: 10,0 %). The target for women representation in the management group and middle management are 20,0 %. The company have in the yearly people review focus on how to recruit women into all management levels in order to achieve the target of 20,0 % representation, in 2025.

The actual data and targets for the board and management, can se summarized as in the below scheme.

	2024
Board	
Board of directors	3
Underrepresented gender (%)	0
target for underrepresented gender (%)	25
target, year	2028
management	
management members	28
underrepresented gender (%)	11%
target for underrepresented gender	20%
target, year	2026

Management's review

Data ethics

Data protection is the most important data ethical matter for Bucher Municipal. The company do not actively collect, analyze, and process market data as a part of its business processes. The company are currently developing IoT solutions and have delivered the first units with such features previous year. In the IoT solution, all data are kept confidential, to keep high standards on data ethics.

The company will implement legal and ethical solutions as part of go to market strategy. Customer and supplier data are threatened confidential, and the company operates with a high level of data security, to the benefit of both Bucher Municipal and its stakeholders. The company do not offer access to IT systems, hence reducing data ethical issues in that respect. The company's code of conduct includes policies regarding data ethics and data protection, where correct IT behavior within Bucher Group have been described. Further digital communication politics have been described and implemented as well, and the group have also described rules and politics in respect of correct GDPR behavior.

It is the company's goal, to become a thrust worthy, reliable partner that works seriously with data ethics to the advantage of all stakeholders of the company. Bucher Municipal have high standards in respect of monitoring and control network by sufficient and up-to-date software in that matter. The company also train the employees in understanding how eventual data leak can appear and how to avoid it. In addition, the company also have prepared an IT contingency plan that ensures a robust company in all situations.

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue	1	456,054	411,269
Other operating income		5,327	2,651
Expenses for raw materials and consumables		-296,746	-270,876
Other external expenses		-42,636	-39,415
Gross profit		121,999	103,629
Staff expenses	2	-121,178	-117,593
Earnings Before Interest Taxes Depreciation and Amortization		821	-13,964
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-6,887	-5,832
Profit/loss before financial income and expenses		-6,066	-19,796
Income from investments in subsidiaries	4	0	3,513
Financial income	5	6,097	462
Financial expenses	6	-12,452	-7,227
Profit/loss before tax		-12,421	-23,048
Tax on profit/loss for the year	7	2,733	5,650
Profit/loss of continuing activities		-9,688	-17,398
Discontinuing activities	9	-7,559	-9,188
Net profit/loss for the year	8	-17,247	-26,586

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Completed development projects		1,201	1,801
Acquired licenses		2,009	0
Intangible assets	10	3,210	1,801
Land and buildings		12,240	12,750
Plant and machinery		12,937	15,084
Other fixtures and fittings, tools and equipment		610	966
Leasehold improvements		1,913	3,502
Property, plant and equipment in progress		8,722	7,560
Property, plant and equipment	11	36,422	39,862
Investments in subsidiaries	12	0	0
Deposits	13	39	39
Fixed asset investments		39	39
Fixed assets		39,671	41,702
Inventories	14	175,107	196,960
Trade receivables		28,637	8,100
Receivables from group enterprises		84,072	72,879
Other receivables	19	1,813	0
Deferred tax asset	15	9,644	4,645
Corporation tax		0	195
Prepayments	16	2,049	1,987
Receivables		126,215	87,806
Cash at bank and in hand		3,763	12,801
Current assets		305,085	297,567
Assets relating to discontinuing activities	9	55,771	64,999
Assets		400,527	404,268

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital		6,500	6,500
Reserve for development costs		937	1,405
Reserve for hedging transactions		-200	-416
Retained earnings		73,542	90,321
Equity		80,779	97,810
Other provisions	17	1,352	1,936
Provisions		1,352	1,936
Payables to group enterprises		155,000	150,000
Other payables		10,043	9,741
Long-term debt	18	165,043	159,741
Credit institutions		1,478	0
Prepayments received from customers		17,594	7,957
Trade payables		46,724	38,633
Payables to group enterprises	18	56,921	62,622
Other payables	18,19	18,361	20,646
Short-term debt		141,078	129,858
Debt		306,121	289,599
Liabilities relating to discontinuing activities	9	12,275	14,923
Liabilities and equity		400,527	404,268
Contingent assets, liabilities and other financial obligations	21		
Related parties	22		
Fee to auditors appointed at the general meeting	23		
Subsequent events	24		
Accounting Policies	25		

Statement of changes in equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	6,500	1,405	-416	90,321	97,810
Fair value adjustment of hedging instruments, beginning of year	0	0	534	0	534
Fair value adjustment of hedging instruments, end of year	0	0	-257	0	-257
Tax on adjustment of hedging instruments for the year	0	0	-61	0	-61
Development costs for the year	0	-468	0	468	0
Net profit/loss for the year	0	0	0	-17,247	-17,247
Equity at 31 December	6,500	937	-200	73,542	80,779

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
1. Revenue		
Geographical segments		
Revenue, Denmark	194,581	198,349
Export sales, EU	36,574	0
Export sales, non-EU	224,899	212,920
	<u>456,054</u>	<u>411,269</u>
Business segments		
Sale of sewer cleaning units	353,044	310,954
Sale of sweeper units	4,359	3,142
Sale of spare parts and service	86,374	80,399
Other sales	12,277	16,774
	<u>456,054</u>	<u>411,269</u>
	2024	2023
	TDKK	TDKK
2. Staff expenses		
Wages and salaries	105,014	100,615
Pensions	13,445	13,716
Other social security expenses	2,719	3,262
	<u>121,178</u>	<u>117,593</u>
Including remuneration to the Executive Board:		
Executive board	3,227	3,419
	<u>3,227</u>	<u>3,419</u>
Average number of employees	<u>226</u>	<u>254</u>

The warrant program for the managing director includes the option to be remunerated with shares in the ultimate parent company Bucher Industries Ltd. The remuneration will only take place if the entire group achieves a certain result for the financial year. It is a requirement that the shares may not be sold within the first 3 years. The remuneration time is at the ordinary general meeting in Bucher Industries Ltd. after the financial year end date. For 2024, the remuneration in shares in Bucher Industries Ltd. to the managing director, is expected to have a market value of DKK 200k. In 2023 a total of 65 shares were remunerated with a market value of a total of DKK 190k.

Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
7. Income tax expense		
Deferred tax for the year	-2,867	-5,328
Adjustment of tax concerning previous years	195	-196
	<u>-2,672</u>	<u>-5,524</u>
thus distributed:		
Income tax expense	-2,733	-5,650
Tax on equity movements	61	126
	<u>-2,672</u>	<u>-5,524</u>
	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
8. Profit allocation		
Retained earnings	-17,247	-26,586
	<u>-17,247</u>	<u>-26,586</u>

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
9. Discontinuing activities		
Revenue	66,429	80,764
Expenses for raw materials and consumables	-36,101	-43,891
Other external expenses	-6,920	-8,413
Gross profit/loss	23,408	28,460
Staff expenses	-29,978	-36,446
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	-1,124	-1,366
Profit/loss before financial income and expenses	-7,694	-9,352
Financial expenses	-1,997	-2,428
Profit/loss before tax	-9,691	-11,780
Tax on profit/loss for the year	2,132	2,592
Net profit/loss for the year of discontinuing activities	-7,559	-9,188
Property, plant and equipment	18,214	19,337
Fixed assets	18,214	19,337
Inventories	21,195	25,769
Receivables	16,362	19,893
Current assets	37,557	45,662
Assets relating to discontinuing activities	55,771	64,999
Provisions	739	898
Debt	11,536	14,025
Liabilities relating to discontinuing activities	12,275	14,923

Discontinuing activities relates to the decision to down scale its production of the special truck mounted sweeper machines in the financial year 2024.

Notes to the Financial Statements

10. Intangible fixed assets

	Completed development projects	Acquired licenses
	TDKK	TDKK
Cost at 1 January	10,935	8,714
Additions for the year	0	2,693
Cost at 31 December	<u>10,935</u>	<u>11,407</u>
Impairment losses and amortisation at 1 January	9,134	8,714
Amortisation for the year	600	684
Impairment losses and amortisation at 31 December	<u>9,734</u>	<u>9,398</u>
Carrying amount at 31 December	<u>1,201</u>	<u>2,009</u>

Completed development projects consists of development of two new products into Bucher Municipals product program (EcityFlex and GullyFlex). Both products are strategic important products for the Company, with significant opportunities to strengthening the market position. Over the next couple of years, there will be zero tolerance on emissions in large cities around the globe, supporting the development of electric and zero-emission solutions. Also smaller sewer cleaner units (like GullyFlex) will support the request of reduced emissions and increased urbanization, which is why also the GullyFlex will support the market position for the Company.

It is assumed that the products will be supplied into existing markets, but also demanded at new markets. The new products contributed limited with profit in 2024. However, the Company expect a higher profit contribution from the new products in 2025, and accordingly when entering new markets the products will contribute further over the next couple of years.

Notes to the Financial Statements

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	76,142	35,737	2,993	11,694	7,560
Additions for the year	119	1,136	1	162	3,534
Disposals for the year	-17	-3,622	-401	0	0
Transfers for the year	-42,163	2,230	0	79	-2,372
Cost at 31 December	34,081	35,481	2,593	11,935	8,722
Impairment losses and depreciation at 1 January	44,055	20,653	2,027	8,192	0
Depreciation for the year	1,798	2,743	356	1,830	0
Reversal of impairment and depreciation of sold assets	0	-852	-400	0	0
Transfers for the year	-24,012	0	0	0	0
Impairment losses and depreciation at 31 December	21,841	22,544	1,983	10,022	0
Carrying amount at 31 December	12,240	12,937	610	1,913	8,722

12. Investments in subsidiaries

	2024	2023
	TDKK	TDKK
Cost at 1 January	0	54
Disposals for the year	0	-54
Cost at 31 December	0	0
Carrying amount at 31 December	0	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office
J. Hvidtved Larsen US Inc.	USA

Notes to the Financial Statements

13. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	39
Cost at 31 December	39
Carrying amount at 31 December	39

14. Inventories

	2024	2023
	TDKK	TDKK
Raw materials and consumables	70,859	77,869
Work in progress	52,956	44,391
Finished goods and goods for resale	51,292	74,700
	175,107	196,960

15. Deferred tax asset

	2024	2023
	TDKK	TDKK
Deferred tax asset at 1 January	4,645	-3,275
Amounts recognised in the income statement for the year	5,060	5,454
Amounts recognised in equity for the year	-61	2,466
Deferred tax asset at 31 December	9,644	4,645

The company have calculated a deductible tax asset of DKK 9,6 mill. The asset is expected to apply in connection with Bucher Municipal's operational activities. In addition, the company have managed restructurings and changes, that contribute to the companies result, likewise new business opportunities also have a positive impact on the business

16. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
17. Other provisions		
Warranty provisions	1,352	1,936
	<u>1,352</u>	<u>1,936</u>

The provisions are expected to mature as follows:

Within 1 year	1,281	1,774
Between 1 and 5 years	71	162
After 5 years	0	0
	<u>1,352</u>	<u>1,936</u>

The Company provides warranties of basically 1 year on sewer cleaning units and sweeper units.

	2024	2023
	TDKK	TDKK
18. Long-term debt		

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Payables to group enterprises

After 5 years	0	100,000
Between 1 and 5 years	155,000	50,000
Long-term part	155,000	150,000
Other short-term debt to group enterprises	56,921	62,622
	<u>211,921</u>	<u>212,622</u>

Other payables

After 5 years	8,731	8,888
Between 1 and 5 years	1,312	853
Long-term part	10,043	9,741
Other short-term payables	18,361	20,646
	<u>28,404</u>	<u>30,387</u>

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
19. Derivative financial instruments		
Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Assets	1,806	0
Liabilities	1,865	500
Change in fair value recognized in equity	277	574
Change in fair value recognized in the income statement	197	24

Forward exchange contracts have been concluded to hedge recognized purchase of goods in GBP and USD and future purchase of goods in GBP.

At the balance sheet date the fair value of derivative financial instruments regarding recognized purchase of goods in GBP and USD amounts to DKK 197k and future purchase in GBP amounts to GBP -257k.

Recognized purchase of goods in GBP of GBP 500k, in USD of USD -576k and future purchase in GBP of GBP 6,400k has been hedged. The forward exchange contracts have a term of 0-15 months.

20. Deferred income

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

	2024	2023
	TDKK	TDKK
21. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Land and buildings with a carrying amount of	13,037	12,679
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	1,848	2,050
Between 1 and 5 years	1,366	2,299
	<u>3,214</u>	<u>4,349</u>
Rental obligations, period of interminability 12 months (2022: 18 months)	1,887	2,120

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
21. Contingent assets, liabilities and other financial obligations		
Guarantee obligations		
The Company's bank has provided bank guarantees to the Company's customers of a total amount of	85	2,689
The Company's bank has provided a bank guarantee to the Company's landlord of a total amount of	609	609
Buy-back guarantees have been provided for sewer cleaning units of a total amount of	761	4,154

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Bucher Industries Danmark A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

22. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
Bucher Industries AG	Ultimate Parent
Bucher Industries Danmark ApS	Immediate Parent

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(6) of the Danish Financial Statements Act. No such transactions have occurred.

Consolidated Financial Statements

Bucher Municipal A/S and its subsidiaries is included in the consolidated financial statements of Bucher Industries AG, Niederweningen, Switzerland, ISIN CH0002432174. The consolidated financial statements of Bucher Industries AG can be downloaded at the Company's website www.bucherindustries.com.

<u>Name</u>	<u>Place of registered office</u>
Bucher Industries AG	Niederweningen Switzerland

Notes to the Financial Statements

	<u>2024</u>	<u>2023</u>
	TDKK	TDKK
23. Fee to auditors appointed at the general meeting		
PricewaterhouseCoopers		
Audit fee	552	492
Tax advisory services	72	193
Non-audit services	1,390	50
	<u>2,014</u>	<u>735</u>

24. Subsequent events

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

Notes to the Financial Statements

25. Accounting policies

The Annual Report of Bucher Municipal A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2024 are presented in TDKK.

Correction of comparatives

The company has decided to down scale its production of the special truck mounted sweeper machines in the financial year 2024 which has resulted in the operations being classified as discontinued operations. As a consequence, the group has presented the result, assets and liabilities from discontinued operations separately. The company has chosen to adjust the comparative figures.

Re-invoicing of salaries, which was recorded as income, has been reclassified this year from staff expenses to other operating income, to which comparative figures have been adjusted. The adjustment has no monetary effect on the year's profit, total assets or equity.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2024 of Bucher Industries AG, ISIN: CH0002432174, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Bucher Industries AG, ISIN: CH0002432174, the Company has not prepared a cash flow statement.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised.

All expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

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

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

Notes to the Financial Statements

Leases

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

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

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

Translation policies

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

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as "Other receivables" and "Other payables", respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Patents, licences and rights are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3-5 years. Software licences and rights are amortised over the period of the agreements, which is 3-5 years and 3-5 years, respectively.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. In accordance with the provisions of the Danish Financial Statements Act assets defined as "Land" are not depreciated

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	10-50 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-7 years
Leasehold improvements	3-15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Notes to the Financial Statements

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits, which are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Inventories

Inventories are measured at the lower of cost based on weighted average prices and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of basically 1 year. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Notes to the Financial Statements

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Deferred income

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

Financial Highlights

Explanation of financial ratios

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