

Annual Report

2025

KEEP MOVING PARTS MOVING

HOVE A/S

Herstedøstervej 7
DK - 2600 Glostrup

Company reg. no.: 25804821

This annual report has been adopted at the
annual general meeting on 23 April 2026.

Chair: Jette Jakobsen

CONTENTS

01 MANAGEMENT'S REVIEW **03**

Letter from the CEO	4
Key figures and ratios	7

02 COMPANY INFORMATION **08**

Our business	9
Company information	10
Guidance 2026	11
Financial calendar	11
Shareholder information	11

03 FINANCIAL STATEMENT **13**

Statement by executive board	14
Independent auditor's report	15
Income statement	17
Balance sheet	18
Statement of changes in equity	20
Cash flow statement	22
Notes	23

01

**MANAGEMENT'S
REVIEW**



ALL-TIME HIGH REVENUE AND PROFIT. PROPOSAL TO PAY DIVIDEND.

LETTER FROM THE CEO

HIGHLIGHTS 2025

2025 was a strong year for Hove, delivering record-breaking financial results. Revenue reached DKK 209.1 million, EBITDA DKK 22.6 million and net profit DKK 13.6 million — marking the highest levels in the company's history. Accordingly, Hove proposes increasing the dividend per share from DKK 0.14 last year to DKK 0.25 this year.

We initiated a DKK 20 million investment programme in 2025 and will continue it in 2026 to support our continued growth ambitions and competitiveness. As part of the investment programme, we will also strengthen the organisation within both sales and product development.

REVENUE

In 2025, Hove generated revenue of DKK 209.1 million, an increase of DKK 39.7 million (23%) on last year. The growth was driven by higher sales of pumps and grease to both existing and new customers in the wind turbine segment. The strong increase in revenue more than offset the adverse impact of an 11% decline in the USD/DKK exchange rate.

The growth in revenue also contributed to an improvement in gross profit, which increased from DKK 62.6 million to DKK 72.7 million (16%). The gross margin decreased from 37% in 2024 to 34.8% in 2025, primarily due to a higher share of private label products.

In Q4 2025, revenue amounted to DKK 43.7 million compared to DKK 39 million in the same period last year (12%). Gross profit for the quarter was DKK 15.0 million, up from DKK 12.7 million in Q4 2024.

Our harbor-related orders have been slower to materialise than expected. This is largely because we are entering a new market segment where the sales cycles are longer. Earlier in 2025, we entered one small port terminal contract, and in February 2026, we secured our second contract with a global port terminal operator. We remain fully committed to this segment and continue our efforts unabated.

EARNINGS

EBITDA for 2025 amounted to DKK 22.6 million compared to DKK

13.5 million last year, an increase of DKK 9.1 million (67%). The improvement was driven by the positive developments in revenue and gross profit, as well as the continued optimisation of operating costs. As a result, the EBITDA margin improved from 8% in 2024 to 10.8% in 2025.

KEY FIGURES

DKK million	Q4 2025	Q4 2024	Change	2025	2024	Change
Revenue	43.7	39.0	12%	209.1	169.3	23%
EBITDA	2.0	-0.7	-	22.6	13.5	67%
EBIT	1.5	-2.6	-	20.5	10.5	95%
Net profit	0.3	-4.4	-	13.6	5.7	141%

External costs fell by DKK 0.2 million, while staff costs increased by DKK 1.2 million (4%). Despite the modest rise in personnel expenses, the combination of lower external costs and significantly improved operating performance resulted in a substantial uplift in earnings. Consequently, EBIT increased by 95%, and net profit rose by 141% in 2025.

For Q4 2025, the business showed a turnaround, as EBITDA improved from a negative DKK 0.7 million in Q4 2024 to a positive DKK 2.0 million in Q4 2025. EBIT improved by DKK 4.1 million, and net profit increased by DKK 4.7 million in the quarter compared to the same period last year.

Hove's solvency ratio was 76% at the end of 2025, confirming that the company continues to maintain a robust capital structure and a low financial risk profile.

CASH FLOWS

As a result of the growth in revenue and EBITDA, cash flow from operations was positive at DKK 6.8 million, representing an improvement of DKK 10.9 million compared to 2024. The cash flow also includes an increased inventory build-up of DKK 8.2 million to

ensure continued fast delivery times for our customers.

As part of the upcoming investment programme, Hove invested in a new factory building in Holeby, Denmark, as well as new production equipment. This led to a negative cash flow from investing activities of DKK 7.4 million.

Cash flow from financing activities was negative at DKK 3.8 million, primarily due to the dividend payment of DKK 3.5 million.

For 2025, Hove delivered a negative total cash flow of DKK 4.4 million, including the dividend payment. Consequently, Hove's cash position decreased from DKK 4.4 million at the beginning of 2025 to zero by year end.

SUBSIDIARIES

US

The US subsidiary delivered a strong performance in 2025. Despite uncertainty surrounding US tariffs, the business regained momentum and is now back on its growth track. The US operation is cash flow positive, reflecting its strengthened commercial and operational position.

India

Hove India continued its positive development in 2025 and delivered growth for the third consecutive year. Hove India is also cash flow positive. As stated in the guidance for 2026, the current facilities in Hove India have reached full capacity. Hove is therefore conducting a due diligence process on investing in a new factory building, aiming to leverage Hove India's strategic location and competitive cost structure to serve the entire APAC region.

Turkey

Hove Turkey's performance in 2025 was negatively affected by seasonal fluctuations from a large customer, but growth is expected to resume in 2026.

Brazil

The liquidation process of Hove Brazil has been completed, and Hove is now working on a new sales and distribution strategy for the South American market.

NEW PRODUCTS THAT INCREASE CUSTOMER VALUE

Wind

The wind market remains crucial to Hove, and innovation therefore continues to be a top priority. In 2025, we completed and advanced the development of new pump variants and updated models — all designed to ensure correct and consistent lubrication, reduce downtime, lower customer costs and increase safety. We continue to collaborate with selected customers on development projects

tailored to their specific needs, ensuring higher quality, lower costs and freeing up internal time in their production.

Port terminals

In the port terminal segment, Hove developed a new pump type that provides operators with greater flexibility. It ensures correct and consistent lubrication, improves uptime, reduces maintenance needs and offers ergonomic benefits by lowering physical strain.

Leisure Boats / Motorhomes

The Water Gear Pump has now been fully developed and will be launched in 2026. It offers low noise levels, delivers a precisely controlled high pressure, and is built from high quality materials that safeguard water quality.

Hove Smart Lube (HSL)

We continue to strengthen our service concept, HSL, which enhances operational efficiency through mobile, app based lubrication, automated documentation and better traceability.

SCALING OUR ORGANISATION TO ACCELERATE GROWTH AND INNOVATION

We continued to invest in and expand our organisation in 2025, particularly within sales. In 2026, we will further strengthen our sales organisation to support continued growth. To enable this, we have added new sales resources in the US, the Middle East, the UK and Denmark. This includes a dedicated sales resource to launch the new Water Gear Pump, and we have high expectations that these investments will contribute to additional growth in the coming years.

In 2026, we will also hire development engineers to accelerate our product development projects and further position Hove as a technology-driven company.

PROPOSED DIVIDEND

Due to the strong financial performance, the Board of Directors proposes an extraordinary dividend of DKK 0.25 per share at the Annual General Meeting in April, corresponding to a total dividend distribution of DKK 6.3 million.

Hove has not adopted a long-term dividend policy, and future distributions will depend on the company's cash position, cash flow forecasts and overall financial performance.

Despite ending 2025 with a zero cash position, Hove proposes increasing the dividend while at the same investing DKK 20 million in future growth. This reflects a deliberate capital allocation strategy, where a dividend to shareholders is balanced with a long-term investment programme. By combining a return of excess capital with targeted investments and organisational strengthening, Hove aims to enhance future competitiveness and create long-term value for shareholders.

STRATEGY

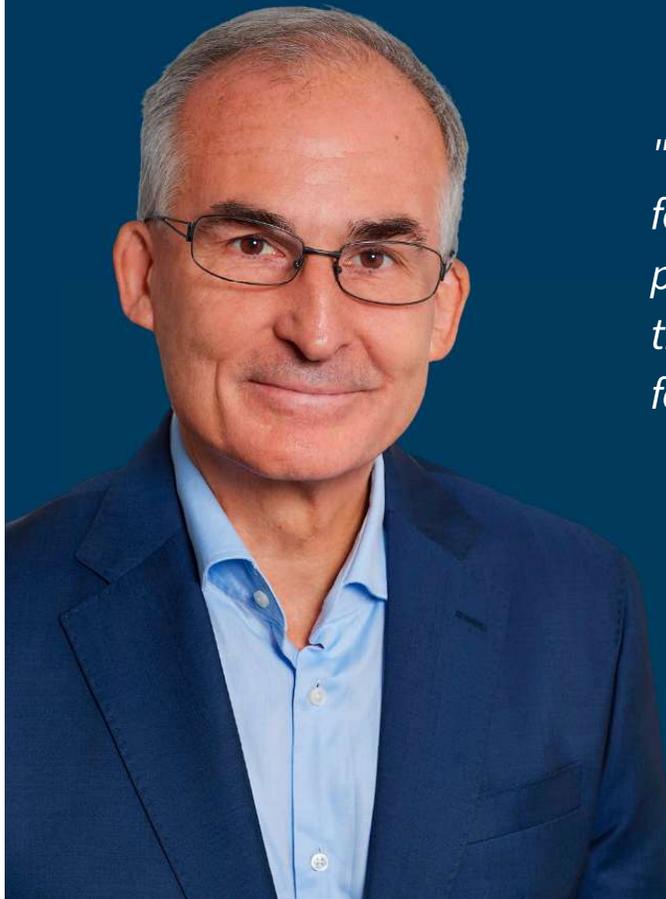
Hove continues to follow the strategy outlined in the 2021 IPO:

- Leveraging experience from Europe and the US to further develop existing markets and subsidiaries
- Using our technology platform to retain and strengthen relationships with wind turbine customers while expanding into new lubrication markets
- Setting new standards for mechanical bearing lubrication through the mobile, app based Hove Smart Lube platform

In 2026, the primary goal will be to establish a solid foundation for future growth and higher profitability.

ENVIRONMENT

Hove remains committed to reducing the environmental impact of its operations. The company primarily relies on sustainable energy sources such as district heating and solar panels, supporting Hove's ongoing transition toward more sustainable operations. As part of our continued efforts, we are planning to install a battery solution to further increase the efficiency and flexibility of our renewable energy consumption.



" I would like to thank all our customers for their continued cooperation, our passionate and flexible employees for their commitment, and our shareholders for their ongoing support of Hove. "

Hans Christian Hansen
CEO

KEY FIGURES AND RATIOS

DKK '000	2025	2024	2023	2022	2021
INCOME STATEMENT					
Revenue	209,067	169,331	186,965	151,502	103,187
Gross profit	72,702	62,628	64,407	51,715	35,438
EBITDA	22,561	13,488	20,436	11,204	6,528
EBIT	20,540	10,513	11,789	10,026	5,686
Net financials	-2,308	-1,527	-4,258	-950	-575
Net profit	13,643	5,662	3,575	7,117	3,968
BALANCE SHEET					
Non-current assets	31,046	25,880	26,720	32,228	30,511
Assets	115,304	103,425	96,416	115,381	91,344
Equity	87,164	79,324	71,424	67,223	59,956
Net working capital	63,505	61,084	55,723	50,763	47,014
Net interest-bearing debt	7,096	7,529	9,437	16,061	18,804
Invested capital	94,552	86,964	82,442	82,991	77,525
CASH FLOW					
Cash flow from operations	6,742	-4,072	3,369	-59	2,922
Cash flow from investments	-7,425	-2,052	-3,163	-3,038	-8,556
Cash flow from financing	-3,715	-3,136	-6,236	-2,742	28,805
Net cash flow	-4,398	-9,260	-6,030	-5,839	23,171
Cash, end of year	-28	4,370	13,630	19,660	25,499
KEY RATIOS					
Gross margin	34.8%	37.0%	34.4%	34.1%	34.3%
EBITDA-margin	10.8%	8.0%	10.9%	7.4%	6.3%
Return on invested capital (ROIC)	22.6%	12.2%	14.0%	12.1%	9.2%
Return on equity	16.4%	7.5%	5.2%	11.2%	9.8%
Solvency ratio	76%	77%	74%	58%	66%
Average number of employees	54	49	46	40	34
SHARERELATED RATIOS					
Shares outstanding end of period	25,283,333	24,654,838	24,420,000	24,000,000	24,000,000
Share price end of period (DKK)	4.93	3.03	6.38	3.65	4.20
Market cap (million)	124.6	74.7	155.8	87.6	100.8
Earnings per share (EPS) (DKK)	0.55	0.23	0.15	0.30	0.17

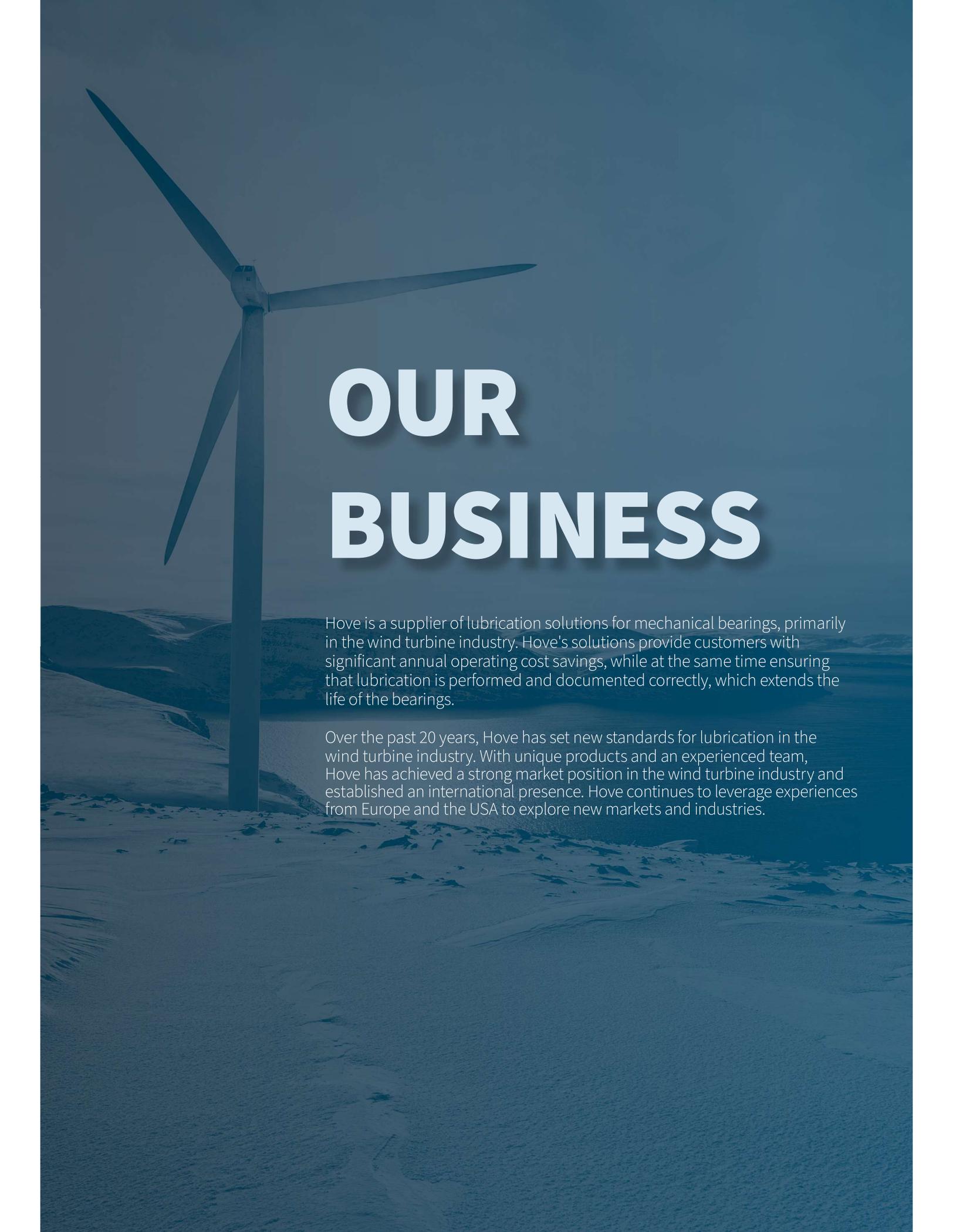
See ratio definitions in Note 21

02

COMPANY

INFORMATION



A large wind turbine stands in a snowy, mountainous landscape under a clear blue sky. The turbine is the central focus, with its three blades extending outwards. The ground is covered in snow, and the background shows rolling hills and a body of water.

OUR BUSINESS

Hove is a supplier of lubrication solutions for mechanical bearings, primarily in the wind turbine industry. Hove's solutions provide customers with significant annual operating cost savings, while at the same time ensuring that lubrication is performed and documented correctly, which extends the life of the bearings.

Over the past 20 years, Hove has set new standards for lubrication in the wind turbine industry. With unique products and an experienced team, Hove has achieved a strong market position in the wind turbine industry and established an international presence. Hove continues to leverage experiences from Europe and the USA to explore new markets and industries.

THE COMPANY

Hove A/S
Herstedøstervej 7
DK - 2600 Glostrup
Company reg. no.: 25804821

Phone: +45 70221022
Website: www.hove-as.com
Email: hove@hove-as.dk

Financial year: 1 January - 31 December

AUDITORS

Dansk Revision Hillerød
Godkendt Revisionsaktieselskab

EXECUTIVE BOARD



Hans Christian Hansen
CEO



Thomas Alexander Kjeldbæk
COO



Thomas Cramer
CCO



Bent Faurkov
CFO

BOARD OF DIRECTORS



Knud Andersen
Chair of the Board



Michael Gaarmann
Vice Chair of the Board



Jesper Bregendahl
Board Member



Mette Søs Lassen
Board Member

GUIDANCE 2026

Hove's guidance for 2026 was published in Company Announcement no. 62 on 9 January 2026:

Guidance	2026
	DKK milion
Revenue	210 - 240
EBITDA	22 - 29

FINANCIAL CALENDAR

Below is an overview of Hove A/S' financial calendar for 2026.

Friday 27 March 2026	Annual Report 2025
Thursday 23 April 2026	Annual General Meeting
Monday 18 May 2026	Q1 Financial report
Tuesday 25 August 2026	H1 Financial report
Monday 16 November 2026	Q3 Financial report

The financial calendar is also available on the company's website:
[Investor - Hove A/S](#)

SHAREHOLDER INFORMATION

Share information

The Hove share is listed on Nasdaq First North GM Denmark since 2021. The share is listed under the ticker: HOVE with a denomination of DKK 0.10. Each share carries one vote.

Share capital

Hove's share capital on 31 December 2025 comprised 25,283,333 shares with a nominal value of DKK 0.10 each, totalling DKK 2,528,833.30. In 2024, the share capital comprised 24,654,838 shares with a nominal value of DKK 0.10 each, totalling DKK 2,465,483.80.

Share price

At year end, the share was priced at DKK 4.93, compared with DKK 3.03 at year end 2025 (63%).

Hove 2025 share price development



Hove's market capitalization at year-end 2025 was DKK 124.6 million, compared with DKK 74.7 million at year end 2024.

In 2025, 10.8 million Hove shares were traded via Nasdaq, corresponding to 43% of the share capital. The turnover was DKK 47 million, which was a reduction of 14% compared with the year before.

OWNERSHIP

The following shareholders hold 5% or more of the Company's share capital:

- Hansen 5751H ApS
- Dennis Forchhammer ApS
- Strategic Investments A/S
- Nordic Compound Invest A/S

The number of registered shareholders decreased from 1,913 at the beginning of 2025 to 1,880 at the end of the year.

The Board of Directors is still authorized on behalf of the Company to acquire treasury shares up to 10% in Hove. On 31 December 2025, Hove held no treasury shares.

BOARD RESOLUTIONS AND PROPOSALS FOR THE ANNUAL GENERAL MEETING

Appropriation of profit

The Board of Directors proposes that the profit for the year of TDKK 13,643 be carried forward to next year, however, see below.

Dividend

At the annual general meeting, the Board of Directors will propose a dividend of DKK 0.25 per share to be distributed for the 2025 financial year, corresponding to a dividend payment of TDKK 6,321.

HOVE has not determined a future dividend policy, and considerations regarding any future dividend payments will take

place considering the company's cash position, cash flow forecasts and financial results.

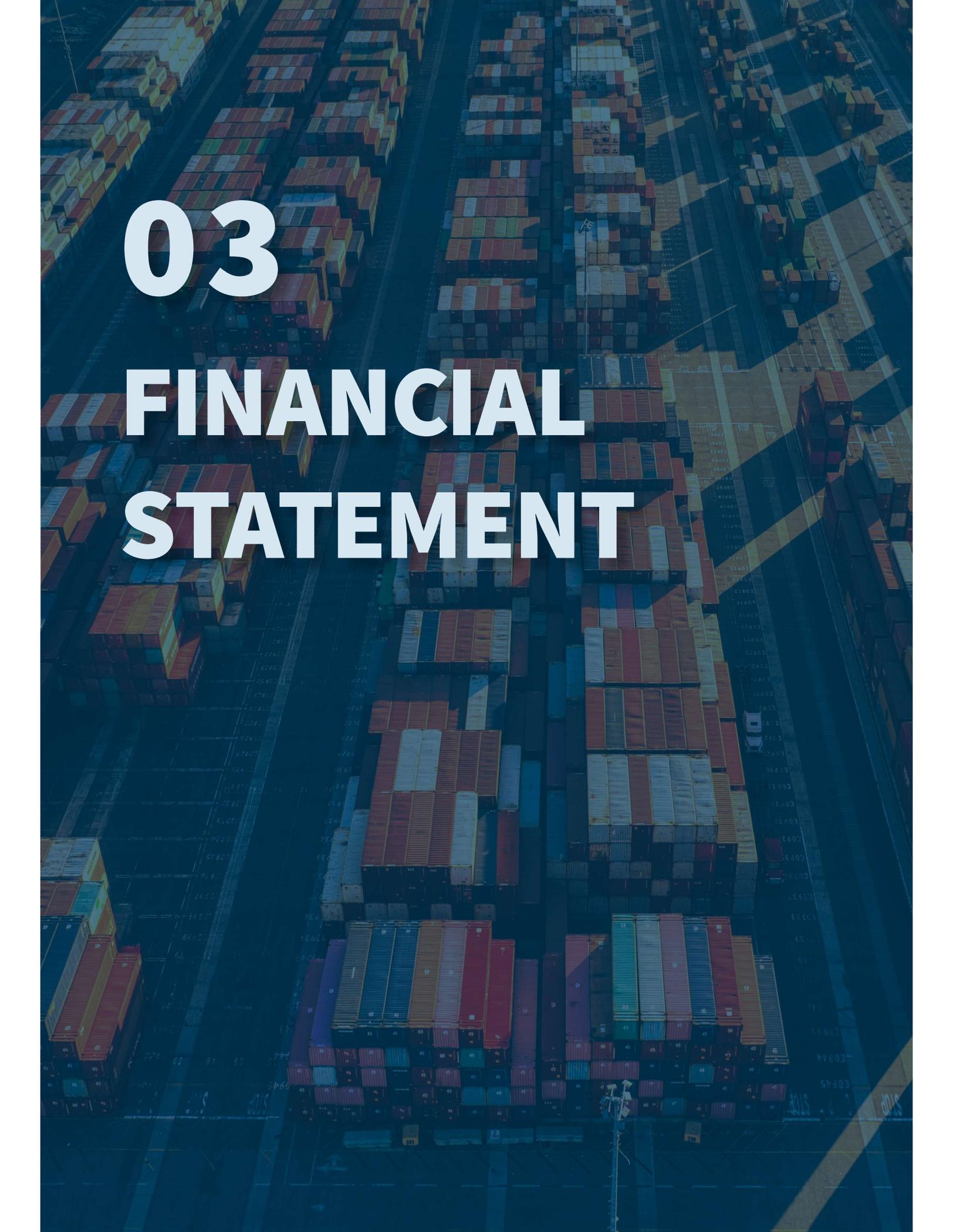
Investor relations

Hove's ambition is to provide a reliable level of information. We are committed to publishing relevant information to the shareholders and to engaging in active dialogue with them.

Questions to Hove can be sent to investor@hove-as.dk.

EVENTS AFTER THE BALANCE SHEET DATE

No events of significant importance to the company's financial position have occurred after the balance sheet date.

An aerial photograph of a large shipping yard filled with rows of colorful intermodal containers. The containers are stacked in neat rows, creating a grid-like pattern. The colors of the containers include red, blue, yellow, and white. The entire image is overlaid with a semi-transparent blue filter. In the background, there are some industrial structures and a few vehicles. The overall scene is one of organized industrial activity.

03

FINANCIAL STATEMENT

STATEMENT BY EXECUTIVE BOARD

The Board of Directors and Executive Board have today reviewed and approved the annual report for January 1, 2025 – December 31, 2025, for Hove A/S.

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

In our opinion, the consolidated financial statements and the annual financial statements give a true and fair view of the group's and the parent's assets, liabilities, and financial position as at December 31, 2025, as well as the results of the group's and the parent's activities

and the group's cash flows for the financial year January 1, 2025 – December 31, 2025.

In our opinion, the management report contains a fair review of the matters covered in the report.

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

Glostrup, 27 March 2026

EXECUTIVE BOARD

Hans Christian Hansen
CEO

Thomas Alexander Kjeldbæk
COO

Thomas Cramer
CCO

Bent Faurskov
CFO

BOARD OF DIRECTORS

Knud Andersen
Chair of the Board

Michael Gaarmann
Vice Chair of the Board

Jesper Bregendahl
Board Member

Mette Søs Lassesen
Board Member

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of HOVE A/S

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Hove A/S for the financial year 1 January - 31 December 2025, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

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

Basis for Conclusion

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 Parent Company Financial Statements" section of our report.

We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements 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 Parent Company Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material mis-statement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for

assessing the Group's and the Parent 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 Parent Company Financial Statements unless Management either intends to liquidate the Group or 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 Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company 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 of accounting information taken on the basis of these Consolidated Financial Statements and Parent Company 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Parent Company 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 Parent 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 Parent Company 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 Parent 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 Parent Company 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 contents of the Consolidated Financial Statements and the Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and the Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the group Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes 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 on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and the Parent Company 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 Consolidated Financial Statements and the Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements or the Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act.

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

Hillerød, 27 March 2026

Dansk Revision Hillerød
Approved Audit Firm, CVR No. 26580390

Dennis Mielcke

State-Authorized Public Accountant
MNE No. 36030

CONSOLIDATED INCOME STATEMENT
GROUP
PARENT

Note	DKK '000	2025	2024	2025	2024
PERIOD					
01 JANUARY - 31 DECEMBER 2025					
	Revenue	209,067	169,331	147,257	125,830
	Change in inventories of finished goods and work in progress	2,794	3,942	4,102	-2,497
	Work carried out for own account and capitalised	915	1,423	499	1,021
	Other income	387	457	387	457
	Use of raw materials and consumables	-140,461	-112,524	-95,770	-77,151
	Gross profit	72,702	62,628	56,475	47,660
1	Other external costs	-16,621	-16,832	-12,042	-11,837
2	Staff costs	-33,521	-32,309	-27,969	-25,211
	EBITDA	22,561	13,488	16,465	10,612
3, 4	Depreciation, amortisation and impairment	-2,022	-2,975	-1,481	-1,289
	EBIT	20,540	10,513	14,983	9,323
	Income from equity investments in subsidiaries	0	0	3,075	-1,071
5	Financial income	466	1,539	200	351
6	Financial expenses	-2,774	-3,065	-1,578	-860
	Profit before tax	18,231	8,987	16,680	7,743
7	Tax on profit for the year	-4,588	-3,325	-3,036	-2,081
	Profit for the year	13,643	5,662	13,643	5,662
8	Proposed appropriation account				
	Earnings per share (DKK)				
	Earnings per share	0.55	0.23		
	Diluted earnings per share	0.54	0.22		

CONSOLIDATED BALANCE SHEET

		GROUP		PARENT	
		2025	2024	2025	2024
Note	DKK '000				
	ASSETS				
	Completed development projects	6,348	6,658	6,348	6,658
	Development projects in progress	2,039	1,752	623	752
9	Intangible assets	8,387	8,409	6,971	7,409
	Land and buildings	18,854	14,000	18,854	14,000
	Plant and machinery	2,025	2,561	1,594	1,770
	Other equipment, fixtures and fittings	581	690	0	0
	Property, plant and equipment in progress	855	0	855	0
10	Property, plant and equipment	22,315	17,251	21,304	15,770
11	Investments in subsidiaries	0	0	19,128	17,097
	Deposits	344	220	203	0
	Financial assets	344	220	19,330	17,097
	Non-current assets	31,046	25,880	47,605	40,276
	Raw materials and consumables	29,664	19,949	22,369	19,949
	Finished goods	15,228	16,733	7,236	3,331
	Inventories	44,892	36,682	29,604	23,279
	Trade receivables	32,280	30,933	12,145	17,632
	Receivables from subsidiaries	0	0	17,005	16,981
	Other receivables	3,223	2,784	2,519	2,006
12	Prepayments	1,702	805	1,544	646
	Receivables	37,204	34,523	33,212	37,266
	Cash	2,161	6,340	526	1,263
	Current assets	84,257	77,545	63,343	61,808
	ASSETS	115,304	103,425	110,948	102,084

CONSOLIDATED BALANCE SHEET
GROUP
PARENT

Note	DKK '000	2025	2024	2025	2024
EQUITY AND LIABILITIES					
	Share capital	2,528	2,465	2,528	2,465
	Share premium	33,484	33,258	33,484	33,258
	Reserve for revaluation	4,607	4,660	4,607	4,660
	Reserve for net revaluation according to the equity method	0	0	2,221	1,051
	Reserve for development costs	6,542	6,559	5,438	5,779
	Translation reserve	-1,722	917	-1,436	-700
	Retained earnings	35,404	28,012	34,001	29,359
	Proposed dividend	6,321	3,452	6,321	3,452
	Equity	87,164	79,324	87,164	79,324
13	Deferred tax	3,041	2,694	3,536	3,293
	Non-current liabilities	3,041	2,694	3,536	3,293
	Debt to mortgage institutions	3,491	3,734	3,491	3,734
	Other payables	856	1,152	856	1,152
	Deferred income	0	60	0	60
14	Long-term current liabilities	4,347	4,946	4,347	4,946
	Mortgage institutions	233	246	233	246
	Credit institutions	2,516	2,337	2,516	2,337
	Trade payables	14,095	10,164	9,747	9,061
	Income tax payable subsidiaries	0	0	233	182
	Income tax payable	2,201	1,650	2,201	1,702
15	Other payables	1,646	1,704	911	632
16	Deferred income	60	361	60	361
	Short-term current liabilities	20,752	16,461	15,902	14,521
	Liabilities	28,140	24,101	23,784	22,761
	EQUITY AND LIABILITIES	115,304	103,425	110,948	102,084

17 Contractual obligations

18 Contingent liabilities

19 Pledges and collateral

20 Related parties

21 Definitions key ratios

22 Accounting policies

STATEMENT OF CHANGES IN EQUITY

GROUP

DKK '000	Share capital	Share premium	Reserve for revaluation	Reserve for net revaluation according to the equity method	Reserve for development costs	Translation reserve	Retained earnings	Proposed dividend	Total equity
1 JANUARY - 31 DECEMBER 2025									
Equity at 1 January 2025	2,465	33,258	4,660	0	6,559	917	28,012	3,452	79,324
Capital increase	63	226	0	0	0	0	0	0	289
Profit for the year	0	0	0	0	0	0	7,322	6,321	13,643
Additions for the year	0	0	0	0	325	0	394	0	719
Disposals for the year	0	0	-53	0	-342	-2,640	-325	0	-3,360
Dividend paid	0	0	0	0	0	0	0	-3,452	-3,452
Equity at 31 December 2025	2,528	33,484	4,607	0	6,542	-1,722	35,404	6,321	87,164

GROUP

DKK '000	Share capital	Share premium	Reserve for revaluation	Reserve for net revaluation according to the equity method	Reserve for development costs	Translation reserve	Retained earnings	Proposed dividend	Total equity
1 JANUARY - 31 DECEMBER 2024									
Equity at 1 January 2024	2,442	33,017	3,991	0	7,125	-193	25,042	0	71,424
Capital increase	23	241	0	0	0	0	0	0	265
Profit for the year	0	0	0	0	0	0	2,210	3,452	5,662
Additions for the year	0	0	669	0	193	1,111	759	0	2,732
Disposals for the year	0	0	0	0	-759	0	0	0	-759
Equity at 31 December 2024	2,465	33,258	4,660	0	6,559	917	28,012	3,452	79,324

Share capital consists of 25,283,333 shares of DKK 0.10 each.

STATEMENT OF CHANGES IN EQUITY

PARENT

DKK '000	Share capital	Share premium	Reserve for revaluation	Reserve for net revaluation according to the equity method	Reserve for development costs	Translation reserve	Retained earnings	Proposed dividend	Total equity
1 JANUARY - 31 DECEMBER 2025									
Equity at 1 January 2025	2,465	33,258	4,660	1,051	5,779	-700	29,359	3,452	79,324
Capital increase	63	226	0	0	0	0	0	0	289
Profit for the year	0	0	0	3,075	0	0	4,247	6,321	13,643
Additions for the year	0	0	0	0		0	394	0	394
Disposals for the year	0	0	-53	-1,904	-342	-736	0	0	-3,035
Dividend paid	0	0	0	0	0	0	0	-3,452	-3,452
Equity at 31 December 2025	2,528	33,484	4,607	2,221	5,438	-1,436	34,001	6,321	87,164

PARENT

DKK '000	Share capital	Share premium	Reserve for revaluation	Reserve for net revaluation according to the equity method	Reserve for development costs	Translation reserve	Retained earnings	Proposed dividend	Total equity
1 JANUARY - 31 DECEMBER 2024									
Equity at 1 January 2024	2,442	33,017	3,991	545	5,586	-234	26,077	0	71,424
Capital increase	23	241	0	0	0	0	0	0	265
Profit for the year	0	0	0	-1,071	0	0	3,281	3,452	5,662
Additions for the year	0	0	669	1,577	193	0	0	0	2,439
Disposals for the year	0	0	0	0	0	-467	0	0	-467
Equity at 31 December 2024	2,465	33,258	4,660	1,051	5,779	-700	29,359	3,452	79,324

CONSOLIDATED CASH FLOW STATEMENT
GROUP

DKK '000	2025	2024
EBITDA	22,561	13,488
Change in inventories	-8,210	-6,215
Change in receivables	-2,805	-8,846
Change in trade payables	3,512	1,649
Other adjustments	-1,972	1,897
Changes in working capital	-9,474	-11,515
Financial income received	466	1,539
Financial expenses paid	-2,774	-3,065
Total financial items	-2,308	-1,527
Income tax paid	-4,037	-4,519
Cash flow from operating activities	6,742	-4,072
Purchase of intangible assets	-915	-1,423
Purchase of fixed assets	-6,509	-630
Cash flow from investing activities	-7,425	-2,052
Debt financing:		
Settlement of long-term debt	-552	-3,400
Shareholders:		
Capital increase	289	265
Dividend paid	-3,452	0
Cash flow from financing activities	-3,715	-3,136
Cash flow for the period	-4,398	-9,260
Cash, beginning of the year	4,370	13,630
Cash, end of year	-28	4,370

Cash, end of year, comprises:

Cash	2,161	6,340
Short-term payables to credit institutions	-2,190	-1,970
Cash, end of year	-28	4,370

NOTES

Note

1	Other external costs	Page 24
2	Staff costs	Page 24
3	Depreciation, amortisation and impairment	Page 25
4	Special items	Page 25
5	Financial income	Page 25
6	Financial expenses	Page 25
7	Tax on profit	Page 26
8	Proposed appropriation account	Page 26
9	Intangible assets	Page 26
10	Property, plant and equipment	Page 27
11	Investments in subsidiaries	Page 29
12	Prepayments	Page 30
13	Deferred tax	Page 30
14	Long-term payables	Page 30
15	Other payables	Page 31
16	Deferred income	Page 31
17	Contractual obligations	Page 31
18	Contingent liabilities	Page 31
19	Pledges and collateral	Page 31
20	Related parties	Page 31
21	Ratio definitions	Page 32
22	Accounting policies	Page 33

NOTES

1. OTHER EXTERNAL COSTS

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Sales and marketing	3,828	4,711	3,088	3,951
Research & Development	959	1,038	948	1,017
Premises	2,120	1,961	1,041	592
Administration	9,715	9,121	6,965	6,277
Total	16,621	16,832	12,042	11,837

2. STAFF COSTS

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Wages, salaries and remuneration	28,759	27,940	24,379	22,230
Pensions	3,315	2,840	2,744	2,230
Other social security costs	324	591	324	295
Other staff costs	1,123	938	521	456
Total	33,521	32,309	27,969	25,211
Average number of employees	54	49	40	34
Remuneration for the Executive Board	5,483	5,251	5,483	5,251
Remuneration for the Board of Directors	683	841	683	841

The Board of Directors has been authorised to issue up to 2,790,000 warrants to members of management of employees of the Company or its subsidiaries. One warrant entitles the recipient to subscribe for one company share of DKK 0.10. The exercise price is set by the Board of Directors, and the authorisation expires on 31 May 2026.

As of 31 December 2025, the Executive Board, the Board of Directors and other employees held the following number of shares in the Company:

	NO. OF SHARES	WARRANTS
Board of Directors	155,380	-
Executive Board	7,766,150	80,000
Other employees	107,400	-
Total	8,028,930	80,000

NOTES

3. DEPRECIATION, AMORTISATION AND IMPAIRMENT

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Land and buildings	258	224	258	224
Plant and machinery	860	897	647	652
Operating equipment, fixtures and fittings	327	66	0	0
Completed development projects	937	773	937	773
Write-downs of intangible assets exceeding normal write-downs	0	1,375	0	0
Accrued profit/loss from sale and leaseback	-361	-361	-361	-361
Total	2,022	2,975	1,481	1,289

4. SPECIAL ITEMS

An impairment test was carried out on development projects under execution, in both the parent and the group. This has resulted for a total impairment of development projects under execution in the group of DKK 0 in 2025 and TDKK 1,375 in 2024.

DKK '000	2025	2024
Impairment of development projects	0	1,375
Total	0	1,375

In 2024 the impairment was recognised as impairment in the group and as income from investments in subsidiaries in the parent.

5. FINANCIAL INCOME

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Interest, subsidiaries	0	0	72	65
Exchange rate adjustments	303	1,431	0	179
Other financial income	163	108	128	108
Total	466	1,539	200	351

6. FINANCIAL EXPENSES

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Exchange rate adjustments	2,109	2,205	938	0
Other financial expenses	665	860	640	860
Total	2,774	3,065	1,578	860

NOTES

7. TAX ON PROFIT	GROUP		PARENT		
	DKK '000	2025	2024	2025	2024
Tax on profit before tax		4,346	3,129	2,794	1,842
Change in deferred tax for the year		243	271	243	315
Change in tax earlier years		0	-76	0	-76
Total		4,588	3,325	3,036	2,081

8. PROPOSED APPROPRIATION ACCOUNT	GROUP		PARENT		
	DKK '000	2025	2024	2025	2024
Reserve for net revaluation according to the equity method		0	0	3,075	-1,071
Retained earnings		7,322	2,210	4,247	3,281
Proposed dividend		6,321	3,452	6,321	3,452
Total		13,643	5,662	13,643	5,662

9. INTANGIBLE ASSETS	GROUP		PARENT	
	DKK '000	Completed development projects	Development projects in progress	Completed development projects
Cost at 1 January 2025	7,856	9,729	7,856	752
Additions for the period	0	915	0	499
Disposals for the period	0	0	0	0
Transfers	628	-628	628	-628
Cost at 31 December 2025	8,484	10,017	8,484	623
Depreciations and impairment at 1 January 2025	1,199	7,978	1,199	0
Depreciation, amortisation for the period	937	0	937	0
Write-downs	0	0	0	0
Depreciation and impairment at 31 December 2025	2,136	7,978	2,136	0
Carrying amount at 31 December 2025	6,348	2,039	6,348	623

The development projects relate to the development of software for the IoT product Hove Smart Lube, which ensures correct lubrication and complete documentation. The product was launched in 2024. A number of pilot projects and tests have been conducted for the product. Development projects comprise the development of various new pumps, as well as the subsidiary Hafnia Pumps, whose activities consist of developing a water gear pump. The products are functional and are expected to be ready for marketing and sales during 2026.

NOTES

10. PROPERTY, PLANT, AND EQUIPMENT

	GROUP			
DKK '000	Land and buildings	Plant and machinery	Operating equipment, fixtures and fittings	Property, plant and equipment in progress
Cost as at 1 January 2025	9,661	9,188	806	0
Exchange rate adjustments	0	-162	0	0
Additions for the year	5,112	545	0	855
Disposals for the year	0	0	-3	0
Transfers	0	0	0	0
Cost as at 31 December 2025	14,773	9,571	804	855
Revaluation as at 1 January 2025	6,355	0	0	0
Revaluation for the year	0	0	0	0
Revaluation as at 31 December 2025	6,355	0	0	0
Depreciation and impairment at 1 January 2025	2,015	6,627	116	0
Depreciation for the year	258	1,019	106	0
Disposals for the year	0	0	0	0
Depreciation on disposed assets	0	0	0	0
Exchange rate adjustments	0	-100	0	0
Depreciation and impairment at 31 December 2025	2,273	7,546	221	0
Carrying amount as at 31 December 2025	18,854	2,025	581	855
Of this, finance lease assets	0	327	0	0
Carrying amount of property, plant and equipment, exclusive of revaluations	12,567	2,025	581	855

NOTES

10. PROPERTY, PLANT, AND EQUIPMENT

PARENT

DKK '000	Land and buildings	Plant and machinery	Operating equipment, fixtures and fittings	Property, plant and equipment in progress
Cost at 1 January 2025	9,661	7,530	0	0
Additions for the year	5,112	471	0	855
Disposals for the year	0	0	0	0
Transfers	0	0	0	0
Cost at 31 December 2025	14,773	8,000	0	855
Revaluation as at 1 January 2025	6,355	0	0	0
Revaluation for the year	0	0	0	0
Revaluation as at 31 December 2025	6,355	0	0	0
Depreciation and impairment at 1 January 2025	2,015	5,759	0	0
Depreciation for the year	258	647	0	0
Disposals for the year	0	0	0	0
Depreciation on assets disposed	0	0	0	0
Depreciation and impairment at 31 December 2025	2,273	6,406	0	0
Carrying amount at 31 December 2025	18,854	1,594	0	855
Of this, finance lease assets	0	327	0	0
Carrying amount of property, plant and equipment, exclusive of revaluations	12,567	1,594	0	855

NOTES

11. INVESTMENTS IN SUBSIDIARIES

DKK '000	PARENT	
	2025	2024
Cost at the beginning of the year	9,372	8,302
Additions during the year	4,964	1,537
Exchange rate adjustments	-736	-467
Cost as at 31 December	13,601	9,372
Revaluation at the beginning of the year	7,724	3,878
Profit for the year	2,706	-918
Exchange rate adjustments	-1,904	1,577
Intercompany profits	369	-153
Negative equity in subsidiaries - offset against receivables	-3,369	3,340
Other changes in equity	0	0
Revaluation at 31 December	5,526	7,724
Carrying amount at 31 December	19,128	17,097

Investments in subsidiaries consist of:

NAME	Registered office	Ownership
Hove Americas Inc.	Colorado	100%
Hove Lubricants India Private Limited	Pune	100%
Hove Turkey Ithalat Ihracar Ve Ticaret Anomin Sirketi	Istanbul	100%
Hafnia Pumps ApS	Glostrup	100%

NOTES

12. PREPAYMENTS

Prepayments constitute prepaid costs relating to subsequent years.

13. DEFERRED TAX

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Balance at the beginning of the year	2,694	2,423	3,293	2,978
Adjustment for the year, income statement	347	271	243	315
Adjustment for the year, equity	0	0	0	0
Total deferred tax	3,041	2,694	3,536	3,293

14. LONG-TERM PAYABLES

DKK '000	Repayment first year	Between 1-5 years	Outstanding debt after 5 years	Total payables 31.12.25	Total payables 31.12.24
GROUP					
Debt to mortgage credit institutions	233	1,015	2,476	3,724	3,980
Financial leasing (Sale & leaseback)	327	0	0	327	693
Other payables	0	0	856	856	825
Deferred income	60	0	0	60	421
Total long-term liabilities	620	1,015	3,332	4,967	5,919
PARENT					
Debt to mortgage credit institutions	233	1,015	2,476	3,724	3,980
Financial leasing (Sale & leaseback)	327	0	0	327	693
Other payables	0	0	856	856	825
Deferred income	60	0	0	60	421
Total long-term liabilities	620	1,015	3,332	4,967	5,919

NOTES

15. OTHER PAYABLES

DKK '000	GROUP		PARENT	
	2025	2024	2025	2024
Holiday accrual	963	590	793	526
Other payroll related payables	118	106	118	106
Other payables	565	1,008	0	0
Total	1,646	1,704	911	632

16. DEFERRED INCOME

Deferred income under equity and liabilities consists of accrued profit from sale and leaseback transaction made in the financial year 2019. The profit is recognised over the term lease.

17. CONTRACTUAL OBLIGATIONS

The parent has entered into 7 leases with less than 12 months and one 2 years contract and one 4 years contract. The monthly payments constitute TDKK 38. The total lease liability within one year is TDKK 320. The total lease obligation is TDKK 556.

In addition, the Parent has entered into finance leases recognised as property, plant and equipment, see note 10.

The subsidiaries have entered into tenancy agreements which expire on 31 October 2026, 31 October 2028 and 31 March 2031, respectively. The total rental obligation amounts to TDKK 1,979.

Financial lease agreement entered into but not yet commenced

In 2025, Hove A/S entered into a financial lease agreement regarding production equipment. The lease term will commence in 2026, and therefore the lease has not been recognised in the balance sheet as of 31 December 2025. The total minimum lease payments amount to DKK 4.8 million over the term of the contract.

18. CONTINGENT LIABILITIES

The parent company has issued a statement of support to the subsidiary Hafnia Pumps ApS, stating that it will unconditionally provide the necessary financing and take responsibility for Hafnia Pumps ApS to continue operations and meet obligations as they fall due, including securing the necessary capital for the complete development and commercialization of the company's recorded development project. The parent is jointly taxed with Hafnia Pumps ApS and constitutes the administration company of the jointly taxed group.

Consequently, the parent and Hafnia Pumps ApS are jointly and severally liable for Danish company taxes and withholding taxes on dividend, interest and royalties arising in the jointly taxed group.

19. PLEDGES AND COLLATERAL

Group and Parent Company

As security for the mortgage debt, a mortgage has been given on the company's property. The mortgage debt amounted to TDKK 3,724 on the balance sheet date. The property was recognised and measured at TDKK 13,759 on the balance sheet date.

As security for outstanding balances with Nordea Bank, owner mortgage deeds have been registered on the property with nominal values of TDKK 3,000 and nominal values of TDKK 1,230, respectively. The property is recognized and measured at TDKK 13,759 on the balance sheet date.

As security for current accounts with Nordea Bank, a registered business mortgage of TDKK 11,000 has been secured by simple receivables arising from the sale of goods and services, operating equipment and supplies, stocks of raw materials, semi-finished products and finished goods, goodwill, domain names and rights pursuant to the Patent Act, the Trademark Act, the Design Act, the Utility Model Act, the Pattern Act, the Copyright Act and the Act on the Protection of the Design of Semiconductor Products (Topography) as well as propellants and other auxiliary materials. The total assets are recognised and measured at TDKK 58,949 on the balance sheet date.

20. RELATED PARTIES

Group and Parent Company

There have been transactions between the Group and its related parties during the financial year. Controlling transactions between related parties have taken place on market terms.

There are no related parties with controlling influence as of December 31, 2025.

NOTES

21. RATIO DEFINITIONS

RATIO	FORMULA
Gross margin (%)	$(\text{Gross profit} * 100) / \text{Revenue}$
EBITDA-margin (%)	$(\text{EBITDA} * 100) / \text{Revenue}$
Return of invested capital (ROIC) (%)	$(\text{EBIT} * 100) / \text{Average invested capital}$
Return on equity (%)	$(\text{Net profit} * 100) / \text{Average equity}$
Solvency ratio (%)	$(\text{Equity} * 100) / \text{Total assets}$
Number of shares	The total number of shares outstanding
Number of shares diluted	The total number of shares and warrants outstanding
Earnings per share (EPS)	$(\text{Net profit} * 100) / \text{Average number of shares}$
Diluted EPS	$(\text{Net profit} * 100) / \text{Average number of shares diluted}$
Net working capital (NWC)	Current assets minus current liabilities
Invested capital	Net working capital + intangible assets + fixed assets

22. ACCOUNTING POLICIES

GENERAL

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act for medium-sized Class C enterprises.

The financial statements have been prepared using the same accounting policies as the previous year.

Format of the income statement

We have chosen to present the income statement in accordance with Appendix 2 of the Danish Financial Statements Act. The change has only affected the presentation of the gross profit and has not affected operating profit or equity. All comparative figures have been restated.

Basis of Recognition and Measurement

Assets are recognized in the balance sheet when it is probable that future economic benefits will flow to the company, and the asset's value can be reliably measured.

Liabilities are recognized in the balance sheet when it is probable that future economic resources will be expended by the company, and the value of the liability can be reliably measured.

At initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each accounting item below.

Certain financial assets and liabilities are measured at amortized cost, applying a constant effective interest rate over their term. Amortized cost is calculated as the original cost price, adjusted for repayments and the accumulated amortization of the difference between cost and nominal amount.

Recognition and measurement take into account foreseeable losses and risks that arise before the annual report is presented and that confirm or disprove conditions existing at the balance sheet date.

Revenue is recognized in the income statement as it is earned, including value adjustments of financial assets and liabilities measured at fair value or amortized cost. Expenses incurred to generate the year's revenue, including depreciation, impairment losses, and provisions, as well as reversals due to changes in accounting estimates, are also recognized in the income statement.

Consolidated Financial Statements

The consolidated financial statements include the parent company, HOVE A/S, and subsidiaries where HOVE A/S directly or indirectly

holds more than 50% of the voting rights or otherwise exercises control. Companies in which the Group holds between 20% and 50% of the voting rights and exerts significant but not controlling influence are considered associates.

In the consolidation process, intra-group income and expenses, shareholdings, intercompany balances, dividends, and realized and unrealized gains and losses from transactions between consolidated entities are eliminated.

Investments in subsidiaries are offset against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Newly acquired or newly established companies are included in the consolidated financial statements from the date of acquisition. Companies that are sold or liquidated are included in the consolidated income statement until the date of disposal. Comparative figures are not adjusted for newly acquired, sold, or liquidated companies.

Gains or losses from the disposal of subsidiaries and associated companies are calculated as the difference between the selling price and the carrying amount of net assets at the date of sale, including any unamortized goodwill and expected costs related to the sale or liquidation.

Foreign Currency Translation

Transactions in foreign currencies are translated into the functional currency at the exchange rate on the transaction date. Receivables, liabilities, and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rate at the balance sheet date. Realized and unrealized foreign exchange gains and losses are recognized in the income statement under financial items.

Foreign subsidiaries are considered independent entities. Their income statements are translated at the average exchange rate for the year, and balance sheet items are translated at the exchange rate at the balance sheet date. Exchange differences arising from the translation of foreign subsidiaries' equity at the beginning of the year and the translation of income statements from average exchange rates to balance sheet date exchange rates are recognized directly in equity.

Foreign exchange adjustments of intercompany balances with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary, are recognized directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments entered into to hedge net investments in foreign subsidiaries are recognized directly in equity.

NOTES

INCOME STATEMENT

Revenue

Revenue is recognized in the income statement when delivery and transfer of risk to the buyer have occurred before the end of the financial year. Revenue is recognized excluding VAT and net of sales-related discounts.

Cost of goods sold

This item includes the cost of raw materials and consumables used to generate the company's revenue.

Other operating income

Other operating income includes wage subsidies and other operating income of a secondary nature.

Other external costs

Other external costs include expenses for distribution, sales, advertising, administration, premises, bad debts, operational leasing costs, etc.

Other operating expenses

Other operating expenses include items of a secondary nature relative to the company's core activities, including losses from the sale of intangible and tangible fixed assets.

Lease agreements

Lease payments under contracts that are not classified as finance leases, as well as other rental agreements, are recognized in the income statement over the contract period. The company's total obligations regarding lease and rental agreements are disclosed under contractual obligations and contingencies.

Staff costs

Staff costs include wages and salaries, as well as social security costs, pensions, and other expenses related to the company's employees.

Financial income and expenses

Financial items include interest income and expenses, finance lease costs, realized and unrealized foreign exchange gains and losses on securities, debt, and foreign currency transactions, loan amortization, and adjustments related to pre-paid tax schemes.

Results from group companies

Results from group companies are included in the income statement based on the proportionate share of the companies' results, adjusted for internal gains or losses.

Tax on the year's profit

The tax expense for the year, consisting of current tax and changes in deferred tax, is recognized in the income statement as far as it relates to the year's result, and directly in equity for items affecting equity directly.

The company has been subject to mandatory joint taxation for part of the financial year, covering the parent company and its Danish subsidiaries.

The company has been subject to mandatory joint taxation for part of the financial year, covering the parent company and its Danish subsidiaries. The current Danish corporate tax is allocated by settlement of joint taxation contributions among the jointly taxed companies based on their taxable income. Companies with tax losses receive joint taxation contributions from companies that have utilized these losses (full allocation method).

NOTES

BALANCE SHEET

Intangible assets

Development projects include costs such as salaries, wages, and depreciation that can be directly or indirectly attributed to the company's development activities and meet the criteria for recognition. Development costs are measured at cost.

Capitalized development costs are amortized on a straight-line basis over 10 years after the completion of the development work.

Development projects that are clearly defined and identifiable, where technical feasibility, sufficient resources, and a potential future market or business opportunity can be demonstrated, and where it is the company's intention to produce, market, or use the project, are recognized as intangible assets if the cost can be reliably measured and there is sufficient certainty that future earnings will cover production, sales, and administrative expenses.

Development costs are recognized in the income statement as incurred.

Tangible assets

Land and buildings are measured at fair value, less accumulated depreciation. Straight-line depreciation is applied based on an assessment of the expected useful lives and residual values of individual assets.

The depreciation base is the fair value at the beginning of the year, less the expected residual value after the useful life. The fair value is determined based on a third-party valuation.

Revaluation of land and buildings, less deferred tax, is allocated to the revaluation reserve under equity.

Other tangible assets are measured at cost, less accumulated depreciation. Straight-line depreciation is applied based on an assessment of the expected useful lives and residual values of individual assets.

The depreciation base is the cost price, less the expected residual value after the useful life. Cost includes the purchase price and any direct costs incurred in making the asset ready for use.

The depreciation period and residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, depreciation ceases. Any changes in the depreciation period or residual value are recognized prospectively as a change in accounting estimate.

The expected useful lives and residual values are as follows:

Asset Type	Useful Life	Residual Value (DKK)
Buildings and solar panels	50 years	5,500,000
Production equipment and machines	5 - 7 years	265,000
Other equipment, operating assets, and inventory	5 years	0

Gains or losses from the disposal of tangible assets are calculated as the difference between the selling price, net of selling costs, and the carrying amount at the time of sale. Gains or losses are recognized in the income statement under other operating income or other operating expenses.

Leased tangible assets that meet the criteria for financial leasing are treated according to the same principles as owned assets.

Impairment of fixed assets

The carrying amount of both intangible and tangible fixed assets is assessed annually for indications of impairment beyond what is reflected in depreciation.

If indications of impairment exist, an impairment test is performed for each asset or asset group. The asset is written down to its recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of the net selling price and the value in use. The value in use is calculated as the present value of expected net income from the use of the asset or asset group.

Financial Assets

Investments in affiliated companies are recognized using the equity method as the consolidation method. The share of the annual result is included in the income statement. In the balance sheet, the proportionate ownership share of the affiliated company's book equity is measured according to the parent company's accounting policies, adjusted for unrealized internal group gains or losses.

Deposits are measured at cost.

NOTES

Inventories

Inventories are measured at cost using the FIFO method. If the cost price is higher than the net realizable value, a write-down is made to the lower value.

- The cost price of trade goods, raw materials, and consumables includes the purchase price plus acquisition costs.
- The cost price of manufactured finished goods and goods under production includes the cost of raw materials, consumables, direct wages, and direct production costs. Indirect production costs include indirect materials and wages, maintenance and depreciation of production-related machinery, factory buildings, and equipment, as well as factory administration and management expenses. Capitalized development costs related to the products are also included.

The net realizable value of inventories is determined as the expected selling price, less costs of completion and sales costs, taking into account marketability, obsolescence, and expected price developments.

Receivables

Receivables are measured at amortized cost, which usually corresponds to nominal value. The value is reduced by write-downs to account for expected losses based on an assessment of individual receivables.

Prepayments

Prepayments recognized under assets include costs incurred that relate to subsequent financial years.

Cash

This category includes liquid assets.

Reserve for net revaluation according to the equity method

The reserve for net revaluation under the equity method includes net revaluations of investments in subsidiaries and associated companies relative to their cost price. The reserve may be reduced in case of losses, the realization of investments, or changes in accounting estimates. The reserve cannot be negative.

Reserve for development costs

The reserve for development costs includes recognized development expenses. This reserve cannot be used for dividends or to cover losses. It is reduced or dissolved if the recognized development costs are depreciated or removed from the company's

operations. This happens through a direct transfer to free reserves in equity.

Dividend

Proposed dividends for the year are presented as a separate item under equity. The proposed dividend is recognized as a liability at the time of approval at the general meeting.

Liabilities

Financial liabilities are recognized at the time of borrowing at the received proceeds, net of transaction costs. In subsequent periods, financial liabilities are measured at amortized cost, corresponding to the capitalized value using the effective interest rate, ensuring that the difference between the proceeds and the nominal value is recognized in the income statement over the loan period.

- Mortgage debt is measured at amortized cost, which for cash loans corresponds to the outstanding principal. For bond loans, amortized cost corresponds to the outstanding principal, calculated as the underlying cash value of the loan at the time of borrowing, adjusted with an amortization of the loan's issue discount over the repayment period.
- Other liabilities are measured at amortized cost, which corresponds to their nominal value.

NOTES

Current and deferred tax

Current tax liabilities and current tax receivables are measured in the balance sheet as the calculated tax on the taxable income for the year, adjusted for taxes related to prior years' taxable income and prepaid tax installments.

Deferred tax is measured using the balance sheet liability method on temporary differences between the carrying amount and tax value of assets and liabilities. Deferred tax is calculated based on the tax rules and tax rates in effect at the balance sheet date, which are expected to apply when the deferred tax is realized as current tax. Changes in deferred tax due to adjustments in tax rates are recognized in the income statement.

Prepayments and accruals

Prepayments and accruals recognized under liabilities include payments received relating to income in subsequent financial years.

Cash flow statement

The cash flow statement is prepared using the indirect method and presents cash flows from operating, investing, and financing activities, as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities are determined as the net profit for the year adjusted for non-cash operating items and changes in working capital.

Cash flows from investing activities include purchases and sales of non-current assets.

Cash flows from financing activities include proceeds from and repayments of long-term debt, short-term borrowings from credit institutions, dividend distributions, and net proceeds from share issuances.

Cash and cash equivalents comprise cash balances and short-term marketable securities that are readily convertible to cash with an insignificant risk of value changes.

Board of Directors

Knud Andersen, Chair
Michael Gaarmann, Vice Chair
Jesper Bregendahl
Mette Søs Lassen

Executive Management

Hans Christian Hansen, CEO
Thomas Alexander Kjeldbæk, COO
Thomas Cramer, CCO
Bent Fauriskov, CFO

HOVE A/S

Herstedøstervej 7
DK - 2600 Glostrup

CVR-no. 25804821

Financial year

1 January - 31 December

Auditor

Dansk Revision Hillerød
Godkendt Revisionsaktieselskab

The HOVE logo consists of the word "HOVE" in a bold, white, sans-serif font, centered within a white rectangular box that has a wavy top edge.