KRÜGER VEOLIA

Annual Report 2022

27. APRIL 2023
CVR: 57 44 64 12

WATER TECHNOLOGIES

CONTENTS

The annual report has been presented and adopted at the Company's Annual General Meeting on 27 April 2023

As Chairman of the Meeting:

DocuSigned by:

Arnaud Valleteau de Moulliac

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STATEMENT BY THE MANAGEMENT ON THE ANNUAL REPORT

The Board of Directors and the management have today discussed and approved the annual report of Krüger A/S for the financial year 1 January – 31 December 2022.

The annual report has been presented in accordance with the International Financial Reporting Standards, as adopted by the EU and additional Danish disclosure requirements according to the Danish Financial Statements Act.

It is our conclusion that the annual report gives a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 as well as of its financial performance and cash flows for the financial year 1 January – 31 December 2022.

It is further our conclusion that the Management's Review provides a true and fair account of the development of the Company's operations and financial matters, of the year's result and of the Company's financial position.

The annual report is recommended for adoption by the Annual General Meeting.

Søborg, 27 April 2023

Management

DocuSigned by:
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Leif Bentsen
Managing Director

Board of Directors

DocuSigned by:
Arnaud Valleteau de Moulliac
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Arnaud Valleteau De Moulliac
Chairman

DocuSigned by:
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Vincent Caillaud
Board member

DocuSigned by:
Annabel Mouquet
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Annabel Mouquet
Board member

DocuSigned by:
PAVELIC Isabelle
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Isabelle Marcelle Pavelic
Board member

DocuSigned by:
Marie Elfrom Bardino
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Marie Elfrom Bardino
Employee representative

DocuSigned by:
Alex Torpenholt Jørgensen
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Alex Torpenholt Jørgensen
Employee representative

THE INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDER IN KRÜGER A/S

OPINION

We have audited the financial statements of Krüger A/S for the financial year 1 January – 31 December 2022, which comprise income statement, statement of comprehensive income, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2022 in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

BASIS FOR OPINION

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

INDEPENDENCE

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

STATEMENT ON THE MANAGEMENT'S REVIEW

Management is responsible for the Management's review.

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

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

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

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

THE MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

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

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

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

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

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

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

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

Copenhagen, 27 April 2023
EY
Godkendt Revisionspartnerselskab
CVR: 30 70 02 28

Søren Skov Larsen
State Authorized Public Accountant
mne26797

Allan Nørgaard
State Authorized Public Accountant
mne35501

Company details

Krüger A/S
Gladsaxevej 363
2860 Søborg
Denmark

CVR: 57 44 64 12
Municipality of Gladsaxe
Phone: +45 3969 0222
Fax: +45 3969 0806
E-mail: kruger@kruger.dk

Board of Directors
Arnaud Valleteau De Moulliac, Chairman
Annabel Mouquet
Vincent Caillaud
Isabelle Marcelle Pavelic
Marie Elfrom Bardino (employee representative)
Alex Torpenholt Jørgensen (employee representative)

Management
Leif Bentsen, Managing Director

Company auditors
EY Godkendt Revisionspartnerselskab
Dirch Passers Alle 36
2000 Frederiksberg

Consolidation
Krüger A/S has branch registrations in Norway, Cyprus, Italy, Vietnam and Zambia

Krüger A/S is wholly owned by Veolia Water Technologies S.A., France.

The ultimate parent company is:
Veolia Environnement S.A.
30 rue Madeleine Vionnet
93300 Aubervilliers
France

The annual report of Veolia Environnement S.A. may be commissioned from Krüger A/S.

MANAGEMENT'S REVIEW

	2022 MDKK	2021 MDKK	2020 MDKK	2019* MDKK	2018** MDKK
Main figures					
Net revenue	511.2	439.2	435.8	600.9	541.7
Gross profit	116.1	100.1	94.9	95.9	131.2
Earnings before interest and tax (EBIT)	-9.8	-13.2	-29.2	-18.0	20.6
Earnings before tax (EBT)	-4.9	-16.6	-40.8	-56.2	13.4
Profit for the year	-4.9	-16.2	-40.1	-46.6	2.0
Net financial income	4.8	-3.5	-11.5	-38.2	-7.3
Investments in intangible assets	0.0	2.0	4.1	9.6	19.3
Investments in tangible assets	1.2	0.6	1.7	88.6	1.0
Work in progress	51.4	40.4	63.6	75.7	191.5
Receivables from sales and services, incl. intra-group companies	49.8	59.3	56.7	73.7	89.9
Equity	88.3	66.2	82.4	108.4	109.3
Balance sheet	353.5	322.4	362.2	392.9	419.3
Average number of employees	343	347	374	409	455
Key figures					
Gross margin (%)	22.7	22.8	21.8	16.0	24.2
EBIT-margin (%)	-1.9	-3.0	-6.7	-3.0	3.8
Return on equity (%)	-6.4	-21.9	-42.0	-42.8	1.8
Solvency ratio (%)	25.0	20.5	22.8	27.6	26.1

Reference is made to definitions and concepts under applied accounting policies.

* *Figures are adjusted for effects of the implementation of IFRS16 leases.*

** *Figures are not adjusted for effects of the implementation of IFRS16 leases.*

MANAGEMENT'S REVIEW

OUR SUSTAINABILITY AMBITION

Our overall purpose is to contribute to human progress by firmly committing to the Sustainable Development Goals (SDGs) set by the United Nations (UN to achieve a better and more sustainable future for all. It is with this aim in mind that Krüger A/S (Krüger Veolia) sets itself the task of creating sustainable solutions that conserve water and natural resources for the benefit of both present and future generations.

Thus, sustainability is at the core of our strategy – integrated into all aspects of our business from our services, technologies, and consultancy offerings to our investment decisions and our internal operations. Furthermore, we continue to develop and expand our sustainability offerings in each of our business areas to support the green transition of our customers and with the aim of being the preferred partner - driving a sustainable future.

CORE BUSINESS ACTIVITIES

Krüger Veolia's work covers all activities within drinking water, process water, sewerage systems, municipal and industrial wastewater, sludge, soil remediation, and aquaculture. We act as consultant, contractor, and technology supplier, provide service, operating management, and digital solutions for optimisation of the operation of municipal and industrial waterworks and wastewater treatment plants.

For more than 125 years, we have played a key role in supporting our customers and developing innovative solutions for water treatment - and we intend to continue this role in the future.

REPORTING IN ACCORDANCE WITH DANISH FINANCIAL STATEMENTS ACT.

§99a - The ultimate parent of the company Veolia Environnement S.A. includes business model, in addition to policy, actions, results and risks to each of the mandatory areas under section 99a of the Danish Financial Statements Act.

Regarding the mandatory statement on corporate social responsibility, reference is made to "Universal registration document (URD 2022[1]) / Annual financial report 2022" published by Veolia Environnement S.A, the ultimate parent company, as well as further insights on Veolia Environment S.A.'s overview regarding corporate responsibility on Veolia Environment S.A.'s website: Corporate responsibility[2].

We enforce our conflict of interest policy by making sure that all our employees are aware of our Group Code of Conduct as well by organising compliance training where the target participation rate of 100 % in 2022 was met.

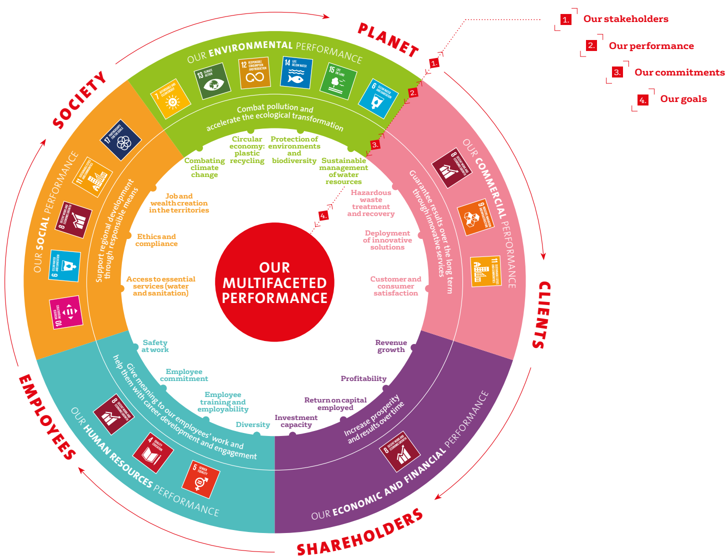
§99b - The Board of Directors has a defined target, that 25% of the board members, elected by the Annual General Meeting, should be constituted by the under-represented gender. The board consists of 6 members hereof 2 employee representatives. The gender distribution is 50 % men and 50% women. The target is therefore considered fulfilled.

The executive management team consists of 4 members. The gender distribution is 50 % men and 50% women.

§99d - Furthermore, we are compliant to the data ethic rules according to 99d of the Danish Financial Statements Act. The privacy policy is available on our website: Krüger's Privacy Policy[3]

MANAGING THE BUSINESS THROUGH MULTIFACETED PERFORMANCE

We elevate our ambition by dedicating ourselves to delivering multifaceted performance with the same level of consideration and expectations to the economic, environmental, social, human resources and commercial performance.



[1] https://www.veolia.com/sites/g/files/dvc4206/files/document/2023/04/VE_URD_2022_EN.pdf

[2] https://www.veoliawatertechnologies.com/en/corporate-responsibility

[3] https://www.kruger.dk/sites/g/files/dvc3361/files/document/2023/04/Kr%C3%BCger%20Privacy%20Policy%202023.pdf

ECONOMIC PERFORMANCE - OUR FINANCIAL STRENGTH

Krüger A/S (Krüger Veolia) is a 100% owned subsidiary of Veolia Water Technologies (VWT), which is 100% owned by Veolia Environnement S.A.

We have a high credit rating and an excellent capital position, along with an overall well-diversified business. This is to be viewed in the context of being a business unit in Veolia, a multinational environmental services company with nearly 230,000 employees worldwide operating in more than 50 countries across the world.

Financial Key Figures 2022
Veolia Environnement S.A.

REVENUE	€42.885 M
EBITDA	€6.196 M
EBIT	€3.062 M

Our financial strength enables us to act effectively on our responsibilities, supporting customers and society through entrepreneurship and sustainable new business activities such as the international activities Hubgrade digital solutions, Aquaculture as well as other activities.

ENVIRONMENTAL PERFORMANCE - CLIMATE ACTION

We achieve our most positive climate impact through our interactions with our customers. We continually strive to minimise climate impact and optimise energy performance by delivering solutions to our customers that address their environmental and sustainability challenges.

In our internal operations we have the same ambition. We strive to continuously improve our environmental performance in our buildings and in our projects with the different stakeholders.

SOCIAL PERFORMANCE - CARING FOR OTHERS

For us, social responsibility is about genuinely caring for both individuals and society. Krüger Veolia donates a fixed sum of money once a year through the united Danish Appeal for Funds to 12 humanitarian organisations helping people in some of the world's poorest countries to reach some of the UN's global goals. We encourage our employees to do the same themselves, and they have also taken initiative to donating to people in need through the appeal for funds called "Wish Tree", where all employees are encouraged to give a Christmas present to a child whose family does not have the means to do so itself - making a wish come true.

Apart from the business activities in many parts of the world, Krüger A/S contributes to the Veolia Foundation[4], which focuses on three important areas of action:

- Development aid and humanitarian emergencies[5]
- Social inclusion through work and social links[6]
- Environmental conservation and biodiversity[7]

The Veolia Foundation supports a selection of projects, which are all sponsored by employees within the group.

HUMAN RESOURCES PERFORMANCE - MAKING A DIFFERENCE TOGETHER

We strive to be a fair, safe and inclusive workplace with a high degree of employee involvement. We pride ourselves on maintaining a culture with a clear purpose and set of core values that are lived in our everyday business - engaging our employees and enhancing well-being, and the results of the annual engagement survey show that we are on a good track. In the 2022 survey we had a response rate of 82% and the engagement score was 92%. We are especially proud of our employees' feedback on cooperation within their department, work-life balance, support and respect for each other as well as a strong customer focus. In terms of improvements, we focus mainly on extending the ability to cooperate to include cross-company cooperation - in the interest of the company as a whole and to increase organisational effectiveness.

Furthermore, we aspire to do even better when it comes to diversity at the workplace. In 2022, we were 21 different nationalities, and we had an age distribution between 20 and 80 years. There was a slight increase in the overall under-represented gender rate, which was 23% overall. In the Board of Directors as well as the Executive Management team it was 50% - exceeding the target of 25% and in accordance with the requirements under § 99b of the Danish Financial Statements Act and section 139a of the Danish Companies Act.

Safety is another part of Human Resource performance that is of paramount importance for us. Unfortunately, we have experienced 2 accidents with long-term absenteeism in 2022. We have intensified our focus on the quality and quantity of our near-misses reports. By doing so, we continuously learn and improve, and are able to make our company an even safer workplace for all.Our efforts across the company are evaluated on a quarterly basis.

[4] https://www.fondation.veolia.com/en

[5] https://www.fondation.veolia.com/en/projets-soutenus/humanitarian-emergencies-and-development-aid

[6] https://www.fondation.veolia.com/en/projets-soutenus/social-inclusion-through-work-social-links

[7] https://www.fondation.veolia.com/en/projets-soutenus/environmental-conservation-biodiversity

COMMERCIAL PERFORMANCE - KEEPING OUR CUSTOMERS IN FOCUS

Krüger Veolia is strongly involved in a large number of innovation projects to increase value and increase sustainability in the consultancy process as well as the solutions delivered to utilities and industries in Denmark and abroad. The innovation projects set off from a Danish and European perspective in terms of drivers and legislation to support the business model of Krüger Veolia. The projects cover the entire water cycle to sharpen the range of products and services to intensify our business and at the same time push environmental ambitions and legislation, staying relevant to the SDGs and all our stakeholders.

The innovation projects also serve as a motivation factor for employees and will enable Krüger Veolia to retain, develop, and attract new employees. To secure market relevance, all the innovation projects are carried out as triple helix in cooperation with clients, partners, suppliers and universities, and often, public financial support has been secured for the projects.

The Group's Innovation strategy Veolia innovation[8] is to develop sustainable solutions around the world as part of a bottom-up approach to meet the needs of our customers, industry professionals and local authorities according to their specific constraints and the resources available, where innovations are based on dialogue and consultation with all stakeholders on a local level. This gives Krüger Veolia a unique possibility to develop and test new technologies and solutions in 2023 in Denmark i.e.

- Treating micropollutants like pesticides, pharmaceuticals and PFAS from water (drinking water and wastewater)
- Process- and Digital solutions to improve sustainable wastewater treatment by reducing GHG-emissions (N2O) and energy consumption
- Digitalisation, solutions and strategies to minimise damage and risks related to climate change, combined sewer overflow and flooding.
- Optimised use of resources and recovery of critical elements such as phosphorus
- Develop new green energy sources from sludge, e.g. biofuel
- Land-based fish farming reducing water pollution

TARGETS AND EXPECTATIONS FOR THE YEAR AHEAD

The Annual Report often looks back to earlier achievements. We are satisfied with what we have accomplished the past year, but now it is time to turn the page and take the next steps. We will move forward to deliver best-in-class customer experience and raise the bar.

The expectations for 2023 are positive. We will reinforce and reinvent our core business activities to enhance their impact and performance. Furthermore, we will:

- Strengthen our water and wastewater services, including innovative sludge solutions, and we will boost our international business activities, in particular the Scandinavian market within nutrient removal from wastewater. The urgent requirement for treatment of pharmaceutical residues in wastewater and PFAS removal from drinking water and groundwater will have our intense focus in 2023.
- Develop activities that prevent and treat harmful pollution, such as soil[9] remediation.
- Support the Food chain: Developing aquaculture[10] i.e. land-based fish farming as well as improving the quality of drinking water
- Continue to develop our digital Hubgrade [11] Performance as the preferred digital control systems for wastewater systems.

In 2023, we will implement ISO14001 that sets out the criteria for an effective environmental management system helping us to enhance our environment performance even further through more efficient use of resources and reduction of waste, gaining a competitive advantage and the trust of stakeholders. And even more importantly: Continue to contribute to human progress and deliver on our purpose. The environmental management system is integrated with our work with the UN's SDG and with quality management, both of which are certified systems.

Our continued success in innovation, consultancy and project assignment depends on our ability to attract and retain experienced employees and managers and to recruit new, talented employees and managers to our company. Accordingly, we place importance on continuing to provide an attractive workplace with good opportunities for personal and professional development. We will launch a competency development framework called “This is how we work @ Krüger Veolia”, and we will

[8] https://www.veolia.com/en/veolia-group/ecological-innovation-turn-tide

[9] https://www.veoliawatertechnologies.com/en/solutions/technologies/thermal-soil-remediation

[10] https://www.veolia.com/en/solution/treatment-recycling-of-wastewater-aquaculture-industry

[11] https://www.kruger.dk/hubgrade-digital-solutions

further develop our pre- and onboarding activities for new employees.

Financial figures

The revenue in 2022 is MDKK 511.2 (2021 MDKK 439.2) and the gross profit is 22.7% in 2022 (2021: 21.8%). The Company's sales and administration costs constitute MDKK 125.1(2021: MDKK 113.2).

The year started slowly under the influence of Covid 19. A lot of absence among employees and stagnation in the surrounding community affected most of the business areas. In late spring Covid 19 released the grip and the business began to recover. We estimate that Covid 19 has affected the result by 5-10 MDKK, due to absence of employees.

The Aquaculture project sales activities were still on hold in 2022, therefore the business area shows no margin, thus, the Aquaculture business is solely affected by the related development costs adding up to 16 MDKK.

In 2022, Krüger's branch offices impacted the result to a limited extent. Especially the branch office in Zambia has previously been a cause of concern, however, it is now ready for closure.

The result in the second half year of 2022 shows good progress in projects already booked and new bookings. A progress entirely according to plan.

Thus, last year's expectations for revenue growth did materialise (511 MDKK compared to 439 MDKK the year before) and we expect this development to continue in the years ahead, especially the foreign activities will continue to increase. However, the result, impacted as stated above, did not reach the anticipated level.

We see a good utilisation of the Company's resources.

Earnings before interest and tax (EBIT) in 2022 amounted a loss of MDKK 9.8 (2021: loss of MDKK 13.2). Earnings before interest, tax, depreciations and amortisations (EBITDA) in 2022 amounted to a gain of MDKK 16.4 (2021: gain of MDKK 15.5). The result before tax in 2022 amounts to a loss of MDKK 4.9 (2021: loss of MDKK 16.6).

Consequently, the result after tax amounts to a loss of MDKK 4.9 (2021: loss MDKK 16.2). The management views the result as less than satisfactory.

In 2023, turnover of Krüger A/S is expected to improve by 11%, mainly owing to the foreign activities. We expect this increase to bring additionally a positive result of 11 MDKK.

Risk and Risk Management

Maintaining risk awareness in the organisation is ingrained in our way of doing business. All our projects are screened against UN SDGs and our Multifaceted Performance before entering into contracts. Within the framework of normal business operations, we face risks and uncertainties that include but are not limited to:

- negative economic developments and conditions in the markets in which we operate that can adversely affect our business.
- shortage of human resources and necessary competences to carry out orders
- long delivery times and extraordinary price increases for the purchase of goods

Risks are identified, monitored and reviewed on an ongoing basis by the management. Further, risk management is carried out on all projects, including technical, legal, commercial and financial matters, compliance, partners performance etc.

Uncertainty in relation to Recognition and Measurement

The calculation of contract work in progress will be subject to some uncertainty in respect of the measurement of the stage of completion for projects that form the basis of calculation of the profit. This is due to the stage of completion being determined based on the ratio between the total estimated costs and realised accumulated costs at the balance sheet date. The total, estimated costs at the balance sheet date constitute the best estimate of costs known at the balance sheet date. The uncertainty cannot be quantified.

Proudly presenting the results of ecological trans-formation workshop at Krüger.

Financial statements 1 January – 31 December

Profit and loss statement

Notes		2022 KDKK	2021 KDKK
4	**Net revenue**	**511,172**	**439,243**
5, 7, 8, 9	Costs of sales	-395,107	-339,168
	Gross profit	**116,065**	**100,075**
7, 8, 9	Sales and marketing costs	-62,428	-60,162
6, 7, 8, 9	Administrative costs	-63,420	-53,070
	Earnings before interest and taxes (EBIT)	**-9,783**	**-13,157**
10	Financial income	6,561	2,950
11	Financial expenses	-1,721	-6,429
	Earnings before tax (EBT)	**-4,943**	**-16,636**
12	Tax for the year	0	400
	Profit for the year	**-4,943**	**-16,236**
	Other total income	0	0
	Total income for the year	**-4,943**	**-16,236**

Meeting students and newly graduats to promote the job opportunities in Krüger.

ASSETS AS PER 31 DECEMBER

Notes		2022 KDKK	2021 KDKK
13	Goodwill	13,556	13,556
14	Intangible assets, software	28,357	34,170
	Intangible assets	**41,913**	**47,726**
15	Plants, machines and equipment	6,825	8,092
16	Right of use assets	77,829	85,585
	Tangible assets	**84,654**	**93,677**
18	Deposits	4,368	4,385
12	Deferred tax asset	13,000	13,000
	Financial activities	**17,368**	**17,385**
	Non current assets, total	**143,935**	**158,788**
17	**Inventories**	**11,555**	**13,185**
19	Receivables from sales and services	23,677	33,810
20	Work-in-progress receivables	51,378	40,429
19, 24	Trade receivables from Group entities	26,122	25,470
22	Cash pool with Group entities	52,797	28,333
21	Other receivables	2,937	4,187
	Prepaid expenses	15,940	1,772
	Current assets, total	**172,851**	**134,001**
22	Cash and cash equivalants	25,112	16,428
	Short-term assets, total	**209,518**	**163,614**
	Assets, Total	**353,453**	**322,402**

EQUITY AND LIABILITIES AS PER 31 DECEMBER

Notes		**2022 KDKK**	**2021 KDKK**
	Share capital	100,003	100,002
	Reserve for R&D activities	22,118	26,653
	Retained earnings	-33,856	-60,486
	Equity, total	**88,265**	**66,169**
23	Warrenty provisions	11,615	11,115
23	Other liabilities	22,792	23,791
16	Leasing liabilities	59,849	68,852
	Non-current liabilities	**94,256**	**103,758**
20	Advance invoicing on projects	79,585	70,412
	Payables for suppliers	29,033	15,682
24	Payables for Group entities	2,382	6,307
16	Current leasing liabilities	17,284	15,817
	Other liabilities	42,648	44,257
	Current liabilities	**170,932**	**152,475**
	Liabilities	**265,188**	**256,233**
	Liabilities, Total	**353,453**	**322,402**

Strengthening client relations and demonstrating capabilities at trade fair, the STF annual meeting in Waste Water Technical Association.

STATEMENT OF CHANGE IN EQUITY

	Share capital	Reserve for R&D activities	Retained earnings	Total equity
	KDKK	**KDKK**	**KDKK**	**KDKK**
Changes in equity 2021				
Equity as per 01.01	100,002	42,887	-60,484	82,405
Inflow by transfer from the reserves				0
Total income			-16,236	-16,236
Reserves for R&D activities		-16,234	16,234	0
Capital increase				0
Exchange rate regulation by conversion of foreign entities				0
EQUITY as per 31.12.2021	**100,002**	**26,653**	**-60,486**	**66,169**
Changes in equity 2022				
Total income			-4,943	-4,943
Dividends paid				0
Reserves R&D activities		-4,535	4,535	0
Capital increase	1		29,999	30,000
Exchange rate regulation by conversion of foreign entities			-2,961	-2,961
EQUITY as per 31.12.2022	**100,003**	**22,118**	**-33,856**	**88,265**

Share capital	Issued shares			
	Quantity		Nominel value	
	2022	**2021**	**2022**	**2021**
	KDKK	**KDKK**	**KDKK**	**KDKK**
1 January	100,002	100,002	100,002	100,002
31. December	100,003	100,002	100,003	100,002

The share capital has been paid in full.

In 2014, the share capital was increased from DKK 30,000,000 to DKK 100,000,000.
In 2019, the share capital was increased to DKK 100,001,000.
In 2020, the share capital was increased to DKK 100.002.000.
In 2022, the share capital was increased to DKK 100.003.000.

CASHFLOW STATEMENT

	2022 KDKK	2021 KDKK
Profit from primary activities	-9,783	-13,157
Depreciations and impairments on tangible and intangible assets	26,240	28,696
Change in working capital, cf. below specification	3,760	19,368
Cash flows from operations before interest and tax	**20,217**	**34,907**
Financial income	3,600	2,950
Financial expenses	-1,721	-6,429
Received corporate income tax	0	400
Cash flows from operating activities	**22,096**	**31,828**
Acquisition of intangible assets	0	-2,573
Acquisition of tangible assets	-1,168	-5,976
Disposal of tangible assets	541	1,389
Cash flows from investing activities	**-627**	**-7,160**
Share capital contributions from Group entities	30,000	0
Payments on lease liabilities	-18,379	0
Cash flows from financing activities	**11,621**	**0**
Change in cash and cash equivalents	**33,090**	**24,668**
Cash pool as per 01.01	28,333	7,654
Cash pool as per 31.12	52,797	28,333
Change in cash and cash equivalents	**8,626**	**3,989**
Cash and cash equivalents as per 31.12.2021	16,429	12,439
Cash and cash equivalents as per 31.12.2022	**25,112**	**16,429**

Change in working capital can be broken down as follows:

	2022 KDKK	2021 KDKK
Inventories	1,630	-3,189
Receivables from sales and services	-14,378	46,092
Other receivables	17	-40
Trade account payables	9,426	-2,469
Other financial liabilities	7,564	-18,592
Change in provisions	-499	-2,434
	3,760	**19,368**

NOTES

NOTE 1

ACCOUNTING POLICIES

The annual report of Krüger A/S for 2022 is presented in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and additional Danish disclosure requirements for annual reports of reporting Class C (large) enterprises cf. the IFRS order issued in accordance with the Danish Financial Statements Act.

The annual report is presented in Danish kroner being the functional currency of the Company.

Consolidated accounts

In accordance with clause 10.4 of IFRS, no consolidated accounts have been presented. The annual report for Krüger A/S and its associated companies is part of the consolidated accounts for Veolia Water technologies S.A. and is part of the consolidated accounts for Veolia Environnement S.A.

Foreign currency translation

On initial recognition, transactions in currencies different from the Company's functional currency are translated applying the transaction date exchange rate. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date and the rate at the balance sheet date are recognized in the income statement as financial income or financial expenses.

Derivative financial instruments

On initial recognition, derivative financial instruments are measured at fair value at the date of settlement. Directly attributable expenses related to the purchase or issue of the individual financial instrument, (transaction costs) are added to fair value on initial recognition unless the financial asset or the financial liability is measured at fair value with recognition of fair value adjustments in the income statement.

Subsequent to initial recognition, derivative financial instruments are measured at fair value at the balance sheet date. The valuation of the company's foreign exchange contracts at fair value is based on quoted prices for identical assets and liabilities.

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

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

For derivative financial instruments that do not qualify as hedging instruments, changes in fair value are recognized currently in the income statement as financial income or financial expenses.

Tax

Tax for the year, which consists of current tax for the year and changes in deferred tax is recognized in the income statement by the portion attributable to the profit or loss for the year and classified directly as equity by the portion attributable to entries in other total income or directly in equity.

The current tax payable and receivable is recognized in the balance sheet, stated as tax calculated on this period's taxable income, adjusted for prepaid tax.

When calculating the current tax for the year, the tax rates and tax rules in effect at the balance sheet date are used.

Deferred tax is recognized according to the balance-sheet liability method on all temporary differences between carrying amounts and tax-based values of assets and liabilities.

Deferred tax is measured by using the tax rates and tax rules in the relevant countries, which are expected to apply when the deferred tax is expected to be released as current tax. Changes in deferred tax resulting from changed tax rates or tax rules are recognized in the income statement unless the deferred tax is attributable to items previously recognized in other total income or directly in equity. If so, such changes are also recognized directly in equity.

Deferred tax assets, including the tax base of tax loss carried forward, are recognized in the balance sheet at their estimated realizable value, either as a set-off against deferred tax liabilities or as net tax assets for set-off against future positive taxable income. At the balance sheet date, it is assessed whether it is probable that sufficient taxable income will be generated in future for the deferred tax asset to be utilized.

FINANCIAL STATEMENT

Revenue

The Company's sales contracts are split into individually identifiable performance obligations, which are included and measured at day value. If a sales contract is including several performance obligations, the total sales value of the sales contract is allocated proportionally to the agreement's individual delivery obligations.

Revenue is included, when the control over the individual identifiable delivery obligation is transferred to the client.

The revenue included is measured at day value of the agreed remuneration excl. VAT and charges, which are charged by third party. All kinds of discounts are included in the revenue. The day value corresponds to the agreed price discounted to today, where payment terms exceed 12 months.

The variable part of the total remuneration, for instance rebates, bonuses, etc., is only included in the revenue, when it is reasonable safe that no reversal of payments will take place in subsequent periods, for instance due to lack of goal achievement, etc.

The Company's contracts include typically one delivery obligation, which is included on a current basis in the revenue as the production is carried out, whereby the revenue corresponds to the sales value of the work completed during the year.

The ongoing transfer of control of the work executed is done either because the construction is taking place on the clients property, whereby the property rights and thereby control is transferred to the client as the work is completed, or because the facilities are so special of nature that they cannot, without disproportionate substantial costs, be utilized for other purposes, simultaneously that the client is obligated to facilitate ongoing payments for the work completed including reasonable profits for the work completed.

Recognition is done by input based calculation methods, based on actual costs in proportion to the total expected costs, since this method is evaluated to the best to reflect the ongoing transfer of control.

When the result of a contract cannot be estimated in a reliable way, revenue should only be recognized in proportion to the incurred costs to the extent it is likely that they will be recovered.

Revenue from the sale of goods for resale and manufactured goods is recognized in the income statement when delivery has taken place and risks have passed to the buyer.

Income from construction contracts and provision of services are recognized in revenue as work is performed or as the agreed service is provided to the effect that revenue corresponds to the selling price of the work performed during the financial year (percentage-of-completion method), see below.

Revenue is calculated net of VAT, duties and discounts.

Cost of sales

Cost of sales comprises expenses incurred to realize revenue. In cost of sales, commercial businesses recognize consumption of goods and manufacturing businesses recognize costs of raw materials, consumables and production staff as well as maintenance, depreciation/amortization and impairment losses relating to property, plant, equipment and intangible assets applied in the manufacturing process.

Provisions for loss on contract work in progress are recognized under cost of sales.

Sales and marketing costs

Sales and marketing costs includes costs, which incurred during project tender process, marketing of Krüger products and consultancy expertise and amortization and impairment on tangible assets used for marketing purposes. When and if sales and marketing costs are part of the total costs for a project, they will be included in the cost of sales as described above.

Administrative expenses

Administrative expenses comprise expenses incurred for management and administration of the Company, including expenses for the administrative staff and management, stationery and office supplies as well as depreciation and amortization of and impairment losses on property, plant and equipment used for administration of the Company.

Financial income and expenses

These items comprise interest income and interest expenses and capital losses and gains as well as depreciation of securities, debts, and transactions in foreign currencies, amortizing of financial assets and liabilities. Furthermore, changes in the derivative financial instruments not classified as hedging contracts are included.

BALANCE SHEET

Goodwill

On initial recognition, goodwill is recognized and measured as the difference between cost of the acquired enterprise and the fair value of the acquired assets, liabilities and contingent liabilities.

When goodwill is recognized, the goodwill amount is distributed on the activities generating separate payments (cash-generating units). Determination of cash-generating units complies with the management structure and internal financial management and reporting in the Group.

Goodwill is not amortized, but tested at least once a year for impairment.

Intangible assets

Acquired intellectual property rights in the form of software are measured at cost less accumulated amortization and impairment losses. Software and other intangible assets are amortized over the estimated useful lives. Acquired intangible assets are written down to the lower of recoverable amount and carrying amount.

Intangible assets are not amortized during construction, but tested once a year for impairment.

The capitalized R&D costs are bound on a separate reserve within the equity.

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value. The residual value is the estimated amount that would be earned if selling the asset today net of selling costs if the asset is of an age and a condition that is expected after the end of useful life.

Linear depreciation is made based on the following estimated useful lives of the assets:

Buildings	25 years
Tools, equipment. fixtures and fittings	6 – 10 years
IT equipment	3 – 5 years
Motor vehicles	5 years

Depreciation methods, useful lives and residual values are reassessed annually.

Depreciation is recognized in the income statement under project costs, sales and marketing costs and administrative costs, respectively.

Right of use assets

A right of use asset and a leasing obligation are included in the balance statement, when the company according to a signed agreement regarding a specific identifiable asset, get the right of use asset available for the leasing period, and when the company get rights to more or less all financial advantages from the usage of the identified asset and the right to decide regarding usage of the identified asset.

Leasing obligations are measured at the first recognition at present value of the future leasing payments discounted using a discounting factor.

The right of use asset is measured at first recognition at cost price, which corresponds to the value of the leasing obligation corrected for prepaid leasing payments including add-ons of direct related costs and estimated costs for demolition, renovation or similar and deducted received discounts or other kind of incentive payments from the leasing provider.

Subsequently, the asset is measured at cost price deducted by accumulated depreciations. The right of use asset is depreciated over the shortest of the leasing period and the right of use asset's life span. The depreciations are included linear in the profit loss statement.

The right of use asset is adjusted for changes in the leasing obligation because of changes in the conditions in the leasing agreement or changes in the contracts cash flow according to changes in an index or an interest level.

The right of use asset is depreciated linear over the expected leasing period.

Write-down for impairment of intangible assets as well as property, plant and equipment

The carrying amounts of property, plant and equipment and intangible assets with definite useful lives are tested at the balance sheet date for any indication of impairment. If impaired, the recoverable amount of the asset is estimated to determine the need for any write-down for impairment and the extent thereof.

The recoverable amount of goodwill and intangible assets under construction is estimated annually regardless of any indications of impairment.

If the asset does not generate cash independently of other assets, the recoverable amount of the smallest cash-generating unit in which the assets is included is estimated.

The recoverable amount is calculated as the highest value of the asset's or the cash-generating unit's fair value less selling costs and net present value. When the net present value is determined, estimated future cash flows are discounted at present value using a discount rate that reflects current market estimates of the time value of money, as well as the particular risks related to the asset and the cash-generating unit, respectively, and for which no adjustment is made in the estimated future cash flows.

If the recoverable amount of the asset or the cash-generating unit respectively is estimated to be lower than the carrying amount, the carrying amount is written down to recoverable amount. For cash-generating units, write-down is distributed in such way that goodwill amounts are written down first and then any remaining impairment is distributed on the other assets of the unit. However, the individual asset is not written down to an amount that is lower than its fair value net of estimated selling costs.

Impairment losses are recognized in the income statement. In case of any subsequent reversals of impairment losses resulting from change in assumptions of the estimated recoverable amount, the carrying amount of the asset and the cash-generating unit, respectively, is increased to the adjusted estimate of the recoverable amount. However, to no more than the carrying amount which the asset or the cash-generating unit would have had if the write-down for impairment had not been performed.

Reversed impairment losses on intangible and tangible fixed assets are recognized in the income account. However, impairment losses on goodwill are not reversed.

Inventories
Inventories are measured at the lower of cost using the method of average and net realizable value when this is the lowest.

Cost of goods for resale, raw materials and consumables consists of purchase price plus landing costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labor costs as well as allocated fixed and variable indirect production costs.

The net realizable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables comprise trade receivables, receivables from contract work in progress and other receivables.

Receivables are measured at amortized cost usually equaling nominal value less write-down for bad debts. Write-down for impairment is conducted on an individual level.

Contract work in progress
When the outcome of a construction contract is deemed reliable, the construction contract is measured at selling price of the work performed at the balance sheet date (percentage-of-completion method).

The selling price is measured based on the stage of completion at the balance sheet date and the total estimated income from the individual construction contract.

Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources. For some projects where the consumption of resources cannot be applied as a basis, the ratio of completed sub-activities to total activities of the project has been applied instead.

If the outcome of a construction contract cannot be estimated reliably, the contract is measured at construction costs incurred, if recoverable.

Expenses for sales work and for securing contracts are recognized in the income statement when incurred unless they are directly attributable to a specific contract and it is probable when the expenses are incurred that the contract will be concluded.

Provisions are made for loss on work in progress. Provisions include an individual assessment of the estimated loss until the work is completed. When it is probable that total construction costs will exceed total income from a construction contract, the estimated loss is recognized immediately in the income statement.

Invoicing on account for the completed part of the contracts is deducted from the asset item ”Contract work in progress”. Invoicing on account in addition to the completed part of the contracts is recognized under short-term liabilities.

Accruals
Accruals included in the assets comprise incurred costs relating to subsequent financial years. Accruals are measured at cost.

Cash
Cash and cash equivalents comprise cash, cash pool and short-term securities with insignificant price risk less short-term bank loans, which are an integral part of the cash management.

Provisions
Provisions are recognized when the company has a legal or constructive obligation because of events in this or previous financial years and repayment of the liability is likely to result in a draw on the enterprise's financial resources.

Provisions are measured as the best estimate of costs necessary to settle the obligation on the balance sheet date. Provisions that are estimated to mature after more than one year after the balance sheet date are measured at their present value.

Warranty commitments are commitments to remedy defects and deficiencies in goods sold within the warranty period. Provisions for warranties are recognized in other provisions and measured based on an individual assessment of the known warranty cases at the balance sheet date and the best estimate of the cost of remedying defects and deficiencies errors and defects in the warranty period.

When it is probable that the total costs will exceed the total income from a construction contract, a provision is recognized equaling the total loss estimated from the relevant project.

Accounts payable
On initial recognition, accounts payable are measured at fair value less any transaction costs. These are subsequently measured at amortized cost, which usually corresponds to nominal value.

Other liabilities
Other liabilities comprise payables to public authorities, payables to employees and other payables to public authorities. Payables to public authorities and to employees are measured to net realizable value.

On initial recognition, financial liabilities are measured at fair value less any transaction costs. These are subsequently measured at amortized costs.

Ratios
The ratios have been compiled in compliance with ”Recommendations & Ratios 2016” issued by CFA Society Denmark.

$$Gross\ margin\ (\%) = \frac{Gross\ profit\ \ /\ loss\ \ * 100}{Revenue}$$

$$EBITmargin\ (\%) = \frac{EBIT * 100}{Revenue}$$

$$Return\ on\ equity\ (\%)$$
$$= \frac{Net\ profit\ \ /\ loss\ for\ the\ year * 100}{Average\ share\ of\ equity}$$

$$Solvency\ ratio = \frac{Total\ equity}{Total\ assets}$$

Cash flow statement
The cash flow statement of the company is presented using the indirect method and shows cash flows from operating, investing, and financing activities as well as the company’s cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises and financial assets as well as acquisition and sale of intangible assets and property, plant and equipment. Cash flows from financing activities comprise changes in the size or composition of the company’s share capital and related costs as well as the raising of loans, instalments on interest-bearing debt, in addition, payment of dividends to shareholders.

Cash and cash equivalents comprise cash, cash pool and short-term securities with insignificant price risk

Definitions
EBIT is defined as operating profit.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

NOTE 2
Material accounting estimates, assumptions and uncertainties

Uncertainty relating to recognition and measurement

In applying the Company's accounting policies outlined in note 1, the management should make assessments and estimates and come up with assumptions for the carrying amount of assets and liabilities that cannot be directly derived from other sources. These estimates and assumptions are based on historical experience and other relevant factors. The actual results can deviate from these estimates.

The estimates made and underlying assumptions are reassessed currently. Changes to the accounting estimates are recognized in the financial period in which the changes take place and future financial periods if the changes affect both the period in which the changes take place and subsequent financial periods.

Material accounting estimates, assumptions and uncertainties

Recognition and measurement of assets and liabilities often depend on future events subject to some uncertainty. In this connection, it is necessary to assume courses of events, etc. reflecting the management's assessment of the most probable course of events. In the annual report for 2022, the following assumptions and uncertainties in particular should be noted as they have had considerable impact on the assets and liabilities recognized in the annual report and may require adjustments in subsequent financial years if the courses of events assumed are not realized as expected.

Contract work in progress

The calculation of contract work in progress will be subject to some uncertainty as to the measurement of the stage of completion for projects forming the basis for the calculation of the profit. This is due to the stage of completion being determined based on the ratio of total estimated costs to realize accumulated costs at the balance sheet date. The uncertainty cannot be quantified.

Contracts performed by subcontractors are not included in the calculation of the stage of completion as specified in the accounting policies.

Recoverable amount of goodwill

Determination of impairment of recognized goodwill amounts requires a calculation of the values in use of the cash-generating units to which the goodwill amounts are allocated. The determination of the value in use requires an estimate of the future cash flows in each cash-generating unit as well as determination of a fair discount rate. The carrying amount of goodwill amounts to DKK 13.6 million at 31 December 2022.

See note 14 for a further description of the discount rates applied.

Accounting estimates by implementation of IFRS16

Leasing agreements have been included with the full leasing period.

Discounting factor of 0.95 % has been applied on basis of market conditions of this kind of agreements (2021: 0.95%).

Recoverable amount of deferred tax assets

Deferred tax assets are recognized to that extent, where it is likely, that in a reasonable future tax profit will be realized, from which the tax deficit can be deducted. Calculation of the amount of the deferred tax asset is based upon an estimate of the timing and the amount of the future profits.

Provisions

Provisions are different to other liabilities as there is some uncertainty related to the timing and the amount of the provision to be calculated. Thus, provisions are recognized when there is either a legal obligation or a commitment. The computation of the amount is based upon management estimates, experience from other similar projects and the best estimate of total project costs known at the balance sheet date.

NOTE 3

The board is not aware of any event happened after the balance sheet date, which in any way can affect the view of the summited account or in any way can affect the future status of the company.

NOTE 4

Geographical split of revenue	2022 KDKK	2021 KDKK
Denmark	369,276	341,584
International	141,896	97,659
	511,172	**439,243**

Activities		
Consultancy	118,012	132,830
Projects	288,220	217,616
Service	104,940	88,797
Total	**511,172**	**439,243**

NOTE 5

Cost of sales	2022 KDKK	2021 KDKK
Subcontractors and purchase of equipment	220,857	169,701
Staff cost	157,716	153,760
Impairment on working capital	1,045	-
Depreciation, amortization and impairment	15,489	15,707
	395,107	**339,168**

NOTE 6

Fees to auditors appointed by the General Assembly	2022 KDKK	2021 KDKK
Statutory audit	446	573
Other assurance services	72	0
	518	**573**

Krüger Seminar 2022 - celebrating innovation.

NOTE 7
Staff costs

	2022 KDKK	2021 KDKK
Salaries and wages	238,973	235,428
Contribution to pension schemes, cf. Note 8	15,698	13,338
Other costs related to social security	3,554	2,232
	258,225	**250,998**
Staff costs can be broken down as follows:		
Cost of sales	157,716	153,456
Sales and marketing costs	54,974	53,939
Administrative costs	45,534	43,603
	258,224	**250,998**
Average number of employees	**343**	**347**

Remuneration for management

Members of the management*, other Executives and Board of Directors** are remunerated as follows:

	2022	2021
Salaries and wages***	7,280	7,628
Pensions, based on contribution	478	481
	7,758	**8,109**

* In accordance with item 3. §98.3 of the Danish Financial Statements Act separate information about remuneration of the management has been omitted.

** There is no remuneration for the Board of Directors.

*** Members of the management and other executives in the group are covered by special bonus schemes that depend on individually established performance targets.

NOTE 8
Pension schemes

The Company takes part only in contribution-based pension schemes.

Thus, the Company pays continuously to an independent pension company, and therefore, has no risk as to the future amount to be paid to the employee.

NOTE 9

Depreciation, amortization and impairment

	2022 KDKK	2021 KDKK
Amortization, intangible assets	5,813	6,495
Depreciation, tangible assets	2,435	2,681
Depreciation, leased assets	17,992	16,811
Profit and loss, sale of intangible assets	0	2,710
	26,240	**28,697**

Depreciation, amortization and impairment can be broken down as follows:		
Cost of sales	15,489	15,707
Sales and marketing costs	426	412
Administrative costs	10,325	12,578
	26,240	**28,697**

NOTE 10

Financial income	**2022 KDKK**	**2021 KDKK**
Interest from intra-group companies	15	79
Foreign exchange rate adjustment gains and other financial income	6,546	2,871
	6,561	**2,950**

NOTE 11

Financial expenses	**2,022 KDKK**	**2,021 KDKK**
Interest on debt etc.	394	152
Interest on lease liabilities	207	166
Foreign exchange rate adjustment losses and other financial expenses	1,120	6,111
	1,721	**6,429**

Collegaues from Veolia Japan visiting our Hubgrade team.

NOTE 12

Tax on profit for the year

	2022 KDKK		2021 KDKK
Tax on taxable income for the year	0		400
Change in deferred tax	0		0
Tax on profit for the year	**0**		**400**

Computed 22%	2022 KDKK		2021 KDKK
Corporate income tax from the profit for the year of continuing activities	0	0.0%	-3,348
Taxation impact of:			
Actually paid corporate income tax	0	0.0%	-400
Change in deferred tax	0	0.0%	0
Actual taxation percentage	**0.0%**		**2.4%**

The Company is engaged in various shared contracts abroad and during the year, there have been movements in the provision set aside for payment of foreign tax for these shared contracts.

Deferred tax	2022 KDKK	2021 KDKK
Deferred tax asset as per 01.01	13,000	13,000
Adjustment of Danish joint taxation	0	0
Changes during the year	0	0
Deferred tax asset as per 31.12	**13,000**	**13,000**

The net tax asset can be broken down as follows:

Intangible assets	9,221	10,500
Tangible assets	15,137	16,846
Inventories	-253	0
Receivables	-268	0
Liabilities	-19,900	-21,654
Taxable deficits	-16,937	-18,692
Net deferred tax asset	**-13,000**	**-13,000**

A deferred tax asset of further DKK 12.1 million (10.4 MDKK in 2021) has not been included in the balance, since it is considered unlikely that this amount will be utilized within the next five accounting years.

NOTE 13

Goodwill	2022	2021
	KDKK	KDKK
Acquisition cost as per 01.01	13,556	13,556
Acquisition cost as per 31.12	**13,556**	**13,556**
Book value as per 31.12	**13,556**	**13,556**

Goodwill arising in connection with the acquisition is allocated on the time of acquisition to the cash-generating units, which are expected to achieve financial benefits from the merger of these companies.

The carrying amount of goodwill before impairment losses is distributed as follows by the cash-generating units:

Krüger Aquacare	**13,556**	**13,556**

Goodwill is tested for impairment at least once a year and more frequently in the event of indications of impairment.

The recoverable amounts of the individual cash-generating units to which the goodwill amounts have been allocated, are calculated based on the unit's present value. The most material uncertainties relate to the determination of discount factors and growth rates.

The discount factors determined reflect the market assessments of the time settlement of discount rates and expected growth rate. The fixed discount rates reflect the market's fair value of the time-based value of money expressed as a risk-free interest rate and the specific risks attached to the cash-generating unit.

Likewise, a significant increase in the applied WACC will not result in impairments.

Discount factors are determined based on the estimated weighted average cost of capital (WACC) determined by the Veolia Group and approved by the management. The assessment of the recovery value for goodwill concerning the business unit Krüger Aquacare is subject to a discounting factor before tax of 5.5 (2021: 5.2) and a 3-year budget period.

Other significant parameters applied at the calculation of the recovery value are:

	EBIT in terminal period	Inflation corresponding to expected growth in terminal period	Discount factor before tax	Discount factor after tax
2022				
Krüger Aquacare (%)	12	2.2	5.5	4.3
2021				
Krüger Aquacare (%)	17.8	1.2	5.2	4.1

Sensitivity analysis

In 2022, the management has concluded that probable changes in the basic assumptions will not lead to a situation where the presented value of goodwill will exceed the recovery value for goodwill.

NOTE 14
Intangible assets, software

	2022 KDKK	2021 KDKK
Acquisition costs as per 01.01	67,201	69,382
Acquisition	0	1,467
Transfer to other asset class	0	0
Disposals	0	-3,648
Acquisition costs as per 31.12	**67,201**	**67,201**
Amortizations and impairments as per 01.01	-34,136	-29,444
Disposals	0	1,803
Amortizations for the year	-5,813	-6,495
Amortizations and impairments as per 31.12	**-39,949**	**-34,136**
Under development	1,105	1,105
Net book value as per 31.12	**28,357**	**34,170**

The management has concluded there is no need for impairment

Clients, business partners and employees bathing in the Copenhagen harbour after a sucessfull IWA World Water Congress & Exhibition

NOTE 15

Tangible assets	Land and buildings	Plants, machines and equipment	Total
	KDKK	KDKK	KDKK
2022			
Acquisition costs as per 01.01	4,864	24,773	29,637
Acquisitions	0	1,168	1,168
Acquisition costs as per 31.12	**4,864**	**25,941**	**30,805**
Depreciations and impairments as per 01.01	-4,864	-16,681	-21,545
Depreciation for the year	0	-2,435	-2,435
Depreciations and impairments as per 31.12	**-4,864**	**-19,116**	**-23,980**
Net book value as per 31.12	**0**	**6,825**	**6,825**
2021			
Acquisition costs as per 01.01	4,864	25,226	30,090
Acquisitions	0	585	585
Disposals	0	-1,038	-1,038
Acquisition costs as per 31.12	**4,864**	**24,773**	**29,637**
Depreciations and impairments as per 01.01	-4,864	-14,518	-19,382
Depreciations regarding outflow for the year	0	518	518
Depreciations for the year	0	-2,681	-2,681
Depreciations and impairments as per 31.12	**-4,864**	**-16,681**	**-21,545**
Net book value as per 31.12	**0**	**8,092**	**8,092**

Depreciations for the year are included in the cost of sales and in administrative costs in the income statement.

The management has concluded that there is no need for impairments.

Together with Veolia we are attending the IWA World Water Congress & Exhibition with a very popular booth.

NOTE 16

Right of use assets	Property and warehouse	Machines and Equipment	Recognized in the balance sheet
	KDKK	KDKK	KDKK
Balance January 1st, 2022	76,381	9,204	85,585
Acquisitions	2,304	8,472	10,777
Disposals	0	-541	-541
Depreciations for the year	-12,583	-5,408	-17,992
Balance December 31st, 2022	**66,102**	**11,727**	**77,829**
Balance January 1st, 2021	88,793	9,361	98,154
Acquisitions	1,319	4,657	5,976
Disposals	-1,582	-152	-1,734
Depreciations for the year	-12,149	-4,662	-16,811
Balance December 31st, 2021	**76,381**	**9,204**	**85,585**

Leasing liabilities	2022	2021
	KDKK	KDKK
Maturity analysis:		
Less than one year	17,284	15,817
One to five years	45,403	36,648
More than five years	14,447	32,204
	77,133	**84,669**
Break down of leasing liabilities:		
Non-current liabilities	59,849	68,852
Current liabilities	17,284	15,817
	77,133	**84,669**
Amounts recognized in the profit and loss statement:		
Interest on lease liabilities	207	166
	207	**166**

Note 17

Inventories

	2022	2021
	KDKK	**KDKK**
Goods for resale	11,555	13,185
Inventories as per 31.12	**11,555**	**13,185**
Obsolescence on inventories represents	**1,151**	**0**

Note 18

Deposits

	2022	2021
	KDKK	**KDKK**
Cost price as per 01.01	4,385	4,345
Acquisitions	49	41
Disposals	-66	-1
Cost price as per 31.12	**4,368**	**4,385**
Bank value as per 31.12	**4,368**	**4,385**

Construction of a basin in the parking basement which will receive rain and road water for the utililty of Frederiksberg.

NOTE 19
Receivables from sales of goods and services

	2022	2021
	KDKK	KDKK
Trade receivables from sales of goods and services	21,165	10,035
Trade receivables from construction contracts	28,634	49,245
	49,799	**59,280**

An individual assessment of each debtor's ability to pay has been applied. Write-downs for impairment are made at estimated net realization value. The recievebles consist of both recievebles from sales and services and from Inter-company.

The total value of the impairment of our risk of "loss at completion" is applied for each project and reduced in Other Receivables.

	2022	2021
Break down of trade receivables:	**KDKK**	**KDKK**
Thirdparty	23,677	33,810
Intercompany	26,122	25,470
	49,799	**59,280**
Break down of non-impaired, not overdue receivables:		
The private sector	5,037	5,363
The public sector	11,450	28,447
	16,487	**33,810**
Overdue non-impaired receivables		
Overdue with one month	6,860	294
Overdue within one month and three months	714	225
Overdue within three months and six months	41	364
Overdue over six months	91	171
	7,706	**1,054**
Overdue Intercompany receivables		
Overdue with one month	14,631	1,717
Overdue within one month and three months	9,628	290
Overdue within three months and six months	0	313
Overdue over six months	1,347	1,377
	25,606	**3,697**

Trade receivables from sales of goods and services, continued

Provisions account	**2022 KDKK**	**2021 KDKK**
Balance as per 01.01	2,222	1,422
Observed losses for the year	0	1,111
Reversed provisions	-1,005	-311
Balance as per 31.12	**1,217**	**2,222**

NOTE 20

Contract work in progress	**2022 KDKK**	**2021 KDKK**
Produced revenue, work in progress	1,478,958	1,784,122
Invoiced revenue	-1,507,165	-1,814,105
Receivables and current liabilities	**-28,207**	**-29,983**

Net value of contract work in progress is included within the balance sheet as follows:

Work-in-progress receivables	51,378	40,429
Advance invoicing on projects	-79,585	-70,412
Receivables and current liabilities	**-28,207**	**-29,983**

The credit risk on contract work in progress is limited.

The Company often requires bank guarantees upon entering construction contracts.

NOTE 21
Other receivables

	2022	2021
	KDKK	**KDKK**
Various receivables	1,851	4,173
Derivative financial instruments	1,086	14
	2,937	**4,187**

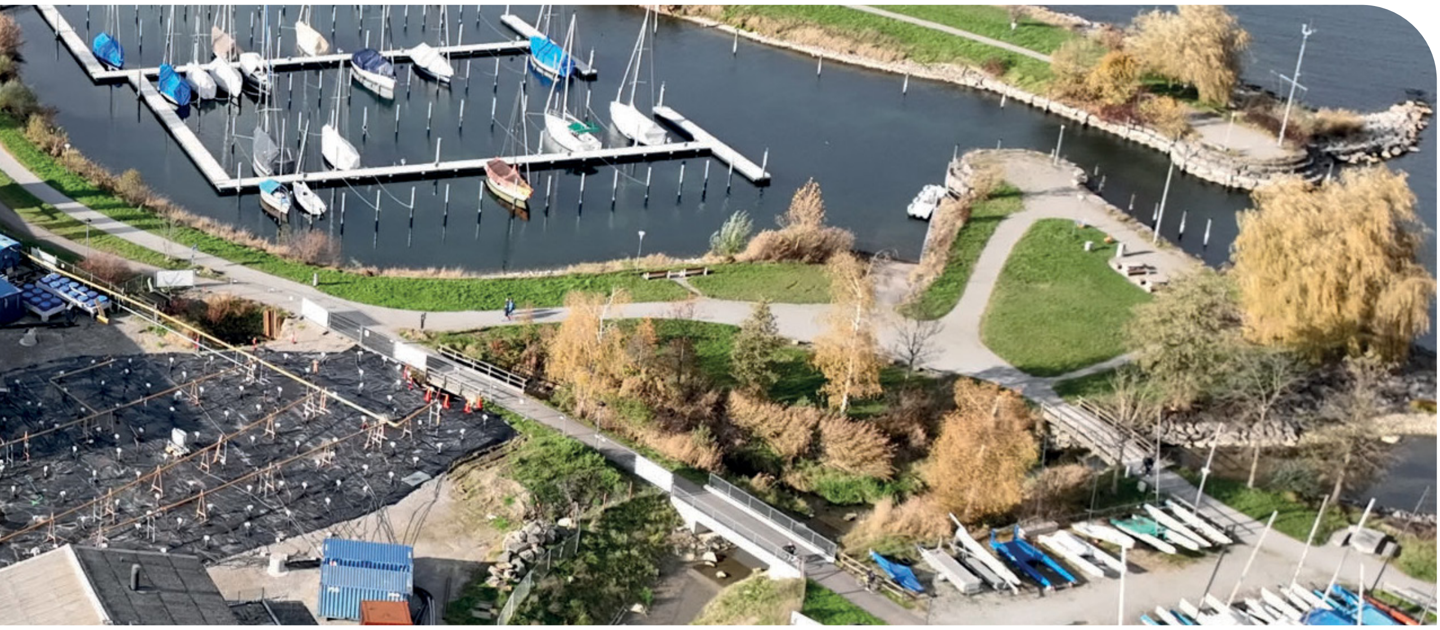
Other receivables are not subject to special credit risks and no write-downs for impairment thereof have been recognized. None of the receivables are overdue.

Derivative financial instruments relate to forward contracts for securing cash flows from the Company's ordinary operating activities.

NOTE 22
Cash, cash equivalents and cashpool

The Company's cash and cash equivalents primarily consist of a cash pool with the parent company and deposits with well-reputed banks. Cash and cash equivalents are not considered to be subject to any special credit risk. Bank deposits and parent cash pool carry a floating interest rate. Parent cash pool bears an interest of LIBOR 1 month or EONIA

In situ soil remediation project in Horn, Switzerland. Photo credit: Reto Peterhans AG



NOTE 23

Warranty provisions	2022 KDKK	2021 KDKK
Long term warranty provisions as per 01.01	11,115	11,242
Provisions made during the year	2,645	8,773
Reversed during the year	-2,145	-8,900
Warranty provisions as per 31.12	**11,615**	**11,115**

Other liabilities	2022 KDKK	2021 KDKK
Employee benefits provisions as per 01.01	1,540	4,716
Applied during the year	0	-2,605
Provisions made during the year	24	534
Reversed during the year	-121	-1,103
Employee benefits provisions as per 31.12	**1,443**	**1,542**
Loss on long-term contracts as per 01.01	867	0
Provisions made during the year	0	867
Reversed during the year	-606	0
Loss on long-term contracts as per 31.12	**261**	**867**
Holiday allowance provisions as per 01.01	21,382	21,754
Reversed during the year	-294	-372
Holiday allowance provisions as per 31.12	**21,382**	**21,754**
Other liabilities	**23,086**	**24,163**

Warranty commitments concern projects handed over with a maximum of 5 years' warranty. These commitments have been calculated based on previous years' experience.

Expenses are expected to be incurred during the warranty period. Loss on long-term contracts concerns probable losses on ongoing long-term contracts, where the agreed selling prices do not exceed the expected cost for the total long-term contract.

NOTE 24

Intercompany transactions	**2022**	**2021**
	KDKK	**KDKK**
Revenue from Group entities	34,548	24,571
Purchase from Group entities	-22,848	-21,138
Payables for Group entities	-2,382	-6,307
Trade receivables from Group entities	26,122	25,470
Fee to Veolia - Management fees and trademark expenses	-25,903	-23,880
Share capital contributions from Group entities	30,000	0
Recharge of services to other Veolia companies - Accounting, IT, Contract management & Sales support and Cargo insurance.	25,089	24,519

Intercompany transactions are settled according to Veolia group rules.

Krüger A/S is the turnkey contractor of Denmark's first high-rise waterworks, which contains many sustainable solutions.

NOTE 25

Financial risks and financial instruments

Policy on management of currency risks and financial risks

Because of its operations and investments, Krüger A/S is exposed towards financial risks. The financial risks consist of risk in changes in interest, currency, cash and credit. The Company pursues a Board-approved financial policy operating with low risk profile so that currency exposure, interest rate exposure and credit risks only arise based on commercial relations and conditions. It is the Company's policy not to engage actively in speculation.

The Company's use of derivative financial instruments is controlled by a written policy adopted by the Board of Directors and through internal business processes, determining among other things maximum amounts permitted and financial instruments to be applied.

Financial risks

The financial assets carrying interest are primarily deposits in national financial institutes or at Veolia Group Treasury Department in France. The financial liabilities' carrying interest are primarily debt to Group Treasury Department.

The Company's overall financial risk on interest is managed by Veolia Group Treasury and is not considered to expose a risk.

Currency exposure

Krüger A/S is exposed to changes in currency rates due to company purchases and sales as well as receivables and payables with a nominal currency that differs from the Company's basic currency.

These other currencies are mainly PLN, NOK, SEK, USD, ZMW and EUR.

The major part of the Company's fixed costs is paid in DKK. The management assesses that there is a certain risk in relation to changes in currency rates, especially in PLN, NOK, SEK, ZMW and USD. In accordance with the currency policy prepared by the management and adopted by the parent company, risks on commercial contracts are hedged by means of financial instruments at the time of contract award at the latest.

Currency risks on fixed assets investments and other liabilities are not hedged, as these risks are not considered material.

Derivative financial instruments

The Company has entered into some forward contracts that do not comply with the financial criteria for hedge accounting and consequently these contracts are treated as trade portfolio with fair value adjustments in the profit and loss statement.

Valuation of its foreign exchange contracts at fair value occurs after the quoted prices for identical assets or liabilities.

Cash and cash equivalents risk

It is the policy of the Company to have the highest level of flexibility related to cash and cash equivalents as well as unused credit facilities.

The purpose of cash management is to ensure that the Company at all times have access to the necessary financial resources and are capable to pay all invoices when due.

The major part of financial risks exposed to the Company is managed by Group Treasury through a number of accounts in separate currencies. Further, the Company has an on-going cooperation with Nordea Bank, where the credit facilities are limited by amounts.

The Company has positive liquidity and the financial liabilities are therefore short term.

The Company has not this year or in previous years violated any of its financial liabilities.

Credit risk

Krüger A/S' financial assets are managed and approved by Veolia Group Treasury.

The Company's policy for assuming credit risks implies that all major customers and co-operators are rated on a current basis as largely all big risk projects are operated with maximum accruals.

The Company does not have any significant credit risk relating to one customer or cooperative partner.

Payments on significant contracts are hedged via letters of credit or similar terms.

In special cases, insurance policies are taken out against unauthorized drawing on bank guarantees.

All financial instruments are established at Veolia Group Treasury.

Financial risks and financial instruments, continued

Currency hedging contracts

The open currency hedging contracts in form of foreign exchange contracts can be specified as follows, with currency purchase contracts having been stated at a negative contractual value, and with the fair value amount computed according to level 2:

Foreign currency contract		Maturity (months)	Contractual value KDKK	Fair value KDKK
Forward contract	EUR / DKK	1-12 Months	-5,157	-5,158
Forward contract	NOK / DKK	1-12 Months	8,995	8,815
Forward contract	CHF / DKK	1-12 Months	17,905	17,971
Forward contract	GBP / DKK	1-12 Months	-1,201	-1,178
Forward contract	SEK / DKK	1-12 Months	18,516	17,913
Forward contract	SEK / DKK	13 - 24 Months	867	844
Forward contract	EUR / DKK	25 - 36 Months	-324	-323
2022			**39,601**	**38,884**
Forward contract	NOK / DKK	1 - 12 months	7,852	7,956
Forward contract	USD / DKK	1 - 12 months	0	0
Forward contract	SEK / DKK	1 - 12 months	0	0
Forward contract	EUR / DKK	1 - 12 months	-9,598	-9,600
Forward contract	PLN/ DKK	1 - 12 months	0	0
Forward contract	EUR / DKK	13 - 24 months	-1,474	-1,477
Forward contract	NOK / DKK	13 - 24 months	8,995	9,105
Forward contract	EUR / DKK	25 - 36 months	-324	-326
2021			**5,451**	**5,658**

Cash and cash equivalent

Krüger has experienced an increase in the liquidity contingency from 44 MDKK in 2021 to 77 MDKK in 2022.

This is due to the group cashpooling system.

Cash reserves	2022 KDKK	2021 KDKK
Cash in bank and in hand including deposits	25,113	16,428
Cash pool with Group entities	52,797	28,333
Unused credit facilities	50,000	50,000
	127,910	**94,761**

Financial risks and financial instruments, continued

Financial liabilities	Contract value		Fair value	
	2022	2021	2022	2021
	KDKK	KDKK	KDKK	KDKK
Advance invoicing on projects	79,585	70,412	79,585	70,412
Payables for suppliers	25,108	15,682	25,108	15,682
Payables for Group entities	6,307	6,307	6,307	6,307
Current leasing liabilities	17,284	15,817	17,284	15,817
Other liabilities	42,648	44,257	42,648	44,257
Holiday allowance provisions	21,088	21,382	21,088	21,382
Derivative financial instruments	391	222	391	222

Financial risks and financial instruments, continued

Financial liabilities	Contract value		Fair value	
	2022	2021	2022	2021
	KDKK	KDKK	KDKK	KDKK
Advance invoicing on projects	79,585	70,412	79,585	70,412
Payables for suppliers	25,108	15,682	25,108	15,682
Payables for Group entities	6,307	6,307	6,307	6,307
Current leasing liabilities	17,284	15,817	17,284	15,817
Other liabilities	42,648	44,257	42,648	44,257
Holiday allowance provisions	21,088	21,382	21,088	21,382
Derivative financial instruments	391	222	391	222
Total as per 31.12	**192,411**	**174,079**	**192,411**	**174,079**

Basis for the analysis of maturity of the liabilities is the undiscounted cash flow, including estimates of interest payments. Financial liabilities either do not carry any interest or are due on demand, so consequently, the figures for contractual value are the same as for fair value.

Financial gearing ratio	2022	2021
	KDKK	KDKK
Noncurrent liabilities	94,256	103,758
Current liabilities	170,932	152,475
Cash and cash equivalants	-77,909	-44,761
	187,279	**211,472**
Equity	**88,265**	**66,169**
Financial gearing ratio	**2.12**	**3.20**

Capital structure

The management concurrently assesses whether the Company's capital structure is in accordance with the Company's and the shareholders' interests. The goal is to ensure a capital structure that supports long-term financial growth and at the same time maximizes the return for the Company's shareholders by optimizing the equity debt ratio. The Company's main strategy remains unchanged compared to last years.

The Company's capital structure comprises financial liabilities, cash and equity.

The Company's review of the capital structure includes an assessment of the Company's capital expenses and risks in connection with the individual types of capital.

NOTE 26
Information as to shareholders

Veolia Water Technologies S.A. France, holds 100% of the total share capital.

NOTE 27
Contingent liabilities and financial liabilities

Bank and insurance guarantees have been provided with respect to work-in-progress and accruals for customers for MDKK 120 (2021: MDKK 142).

Krüger A/S is a part to a few ongoing lawsuits. The management has concluded that the outcome of these lawsuits will not influence the Company's financial position apart from receivables and liabilities recognized in the balance sheet at 31 December 2022.

NOTE 28
Events after the statement of financial position date

The board is not aware of any event happened after the balance sheet date, which in any way can affect the view of the summited account or in any way can affect the future status of the company.

NOTE 29
New and revised standards as well as interpretative aid not yet in operation

The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2022 financial statements. Krüger A/S expects to implement these standards when they take effect. None of the new standards issued are currently expected to have any significant impact on the financial statements when implemented.

NOTE 28

Information as to shareholders
Veolia Water Technologies S.A. France, holds 100% of the total share capital.

NOTE 29

Contingent liabilities and financial liabilities
Bank and insurance guarantees have been provided with respect to work-in-progress and accruals for customers for MDKK 142 (2020: MDKK 107).

Apart from the above, the Company has issued parent company guarantee for subsidiaries to selected customers and suppliers for MDKK 0 (2020: MDKK 0).

Krüger A/S is a part to a few ongoing lawsuits. The management has concluded that the outcome of these lawsuits will not influence the Company's financial position apart from receivables and liabilities recognized in the balance sheet at 31 December 2021.

NOTE 30

Events after the statement of financial position date
The COVID-19 pandemic is declining with vaccines etc,, and it is the management's evaluation that our business is more or less normal.
There has been an extensive inflation increase in 2022, and prices have risen everywhere. Management are taking precautions and does not expect it to affect our results.

NOTE 31

New and revised standards as well as interpretative aid not yet in operation
The IASB has issued a number of new standards and amendments not yet in effect or adopted by the EU and therefore not relevant for the preparation of the 2021 financial statements. Krüger A/S expects to implement these standards when they take effect. None of the new standards issued are currently expected to have any significant impact on the financial statements when implemented.

The new Søndervig Waterworks in Ringkøbing.

Krüger is the sponsor of the annual open water event "The Krüger Relay" which celebrates the clean waters of the Copenhagen harbour. Swimming by night is a very popular event.

Resourcing the world

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