FIBERLINE COMPOSITES A/S

Barmstedt Alle 5, DK-5500 Middelfart

Annual Report for 2022

CVR No. 13 63 91 08

The Annual Report was presented and adopted at the Annual General Meeting of the company on 30/6 2023

Mitja Schulz
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of FIBERLINE COMPOSITES A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Middelfart, 22 June 2023

Executive Board

Lars Fuglsang
CEO

Board of Directors

Mitja Schulz Chairman	Peter Thorning*	Marcus Johannes Cornelis de Jong*
Lance Thomas Hill	Rudolf Hadorn	

*With reference to the Danish financial statements act section 10 the following objections are made:

We disagree with the annual report in respect of the following matters:

1. In note 21, capitalized development costs are corrected as a material mistake in 2021 and previous years. In our opinion, historical development cost did and do meet the requirements for capitalization. Thus, in our opinion the correction of the intangible assets, equity and result as described in note 21 is not correct.

2. In the annual report no costs are recognized as capitalized development cost for the financial year 2022. In our opinion, the company has had significant expenses on development projects in 2022, where the requirements for capitalization are met leading to missing profits in the P&L statement of the year and a too low equity.

Independent Auditor's report

To the shareholders of FIBERLINE COMPOSITES A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of FIBERLINE COMPOSITES A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

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

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

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

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

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Odense M, 22 June 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Line Hedam	Sigurd Skov Nielsen
State Authorised Public Accountant	State Authorised Public Accountant
mne27768	mne44150

Company information

The Company	FIBERLINE COMPOSITES A/S Barmstedt Alle 5 DK-5500 Middelfart CVR No: 13 63 91 08 Financial period: 1 January - 31 December Municipality of reg. office: Middelfart
Board of Directors	Mitja Schulz, chairman Peter Thorning Marcus Johannes Cornelis de Jong Lance Thomas Hill Rudolf Hadorn
Executive board	Lars Fuglsang
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Munkebjergvænget 1, 3. og 4. sal 5230 Odense M

Financial Highlights

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

	2022	2021	2020	2019	2018
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,060,046	729,644	590,584	451,310	357,658
Gross profit/loss	138,611	121,871	138,648	133,229	256,568
Profit/loss of ordinary primary operations	-84,845	-62,327	59,808	47,278	87,278
Profit/loss before financial income and expenses	-52,440	-46,860	-64,231	-38,472	110,014
Profit/loss of financial income and expenses	-42,707	5,215	4,970	19,736	86,188
Net profit/loss	-97,683	-27,057	-36,885	-43,993	2,909
Balance sheet					
Balance sheet total	677,278	424,783	356,644	496,405	536,269
Investment in property, plant and equipment	46,168	31,963	25,345	18,691	2,966
Equity	-4,637	73,981	122,197	100,268	152,004
Number of employees	291	291	321	289	251
Ratios					
Gross margin	13.1%	16.7%	23.5%	29.5%	71.7%
Profit margin	-4.9%	-6.4%	-10.9%	-8.5%	30.8%
Return on assets	-7.7%	-11.0%	-18.0%	-7.8%	20.5%
Solvency ratio	-0.7%	17.4%	34.3%	20.2%	28.3%
Return on equity	-281.7%	-27.6%	-33.2%	-34.9%	3.8%

In connection with adjustment of comparative figures for 2021, the possible effect on comparative figures for 2018, 2019 and 2020 have not been assessed or restated. See the description under accounting policies.

Management's review

Principal activities

Fiberline Composites was established by Dorthe & Henrik Thorning back in 1979. The original business idea was and still is to produce and sell composite profiles made by pultrusion technology. In May 2022 Gurit Holding AG has acquired 60% of the shares of the company.

Over the years, Fiberline has developed and enhanced the pultrusion technique where dry glass and/or carbon fibres are drawn through a die/tool in which the fibres are impregnated with a resin/matrix. The pultruded profiles have properties that Fiberline tailor to specific customer application needs and requirements. The continuous process and the in-depth knowledge secure high quality.

Working closely with customers all over the world, we have for decades developed customer specific solutions within the Wind Power Industry.

Fiberline Composites will continue and further develop the wind business. This business has seen significant growth over the last years and includes carbon fibre profiles to some of the longest wind turbine blades in the world.

The COVID-19 pandemic has had implications on how to manage and operate the company. Fiberline was fast to implement all the necessary precautions and safeguard rules suggested by the Government and Health Authorities. Fiberline has been able to operate with full production during 2021 and 2022, thanks to our flexible and responsible employees.

Development in activities and financial position

After the acquisition of 60% of the shares by Gurit Holding AG, Fiberline Composites has re-assessed the requirements for capitalisation of development costs in 2021 and prior years. As a result of this re-assessment the company concluded that these assets did not meet the requirements for capitalisation. Therefore financial figures for result after tax, equity and balance sheet have been restated.

2022 has seen record high sales thanks to the strong development of the carbon fiber pultrusion activity. Margin erosion have however led to an operating loss of 52.4 MDKK, similar to the one experienced in 2021 (46.9 MDKK)

The negative income from investments in subsidiaries of 25.5 MDKK (largely due to the write off of deferred tax assets in one of the subsidiaries) as well as increased financial expenses led to an overall loss of 97.7 MDKK.

Given the above mentioned removal of the previously capitalised development costs and the significant loss incurred in 2022 Fiberline Composites ends 2022 with a negative equity of 4.6 MDKK. Regarding the financial situation going forward please refer to note 1 of the financial statements.

Management's review

Result of the year compared to expectations

The result is clearly below expectation and not satisfactory. The margin erosion was caused by lower sales prices in the market and adverse impact of product mix. Inflation on raw materials including adverse foreign exchange impacts could only be partially passed over to customers and with a time lag. High energy prices and higher than anticipated material wastage also impacted the result negatively.

Special risks

The use of polymer materials exposes the company against price volatility on these markets. The price policy and price agreements with customers and suppliers allow to mitigate this volatility to some extent.

The company is not assessed to be subject to special environmental, currency, or interest risks.

Financial risks

There are no material changes in the currency exposure of the company, compared with earlier years, although it experienced some currency exposure on certain raw materials during the year. The company assesses continuously its currency and interest positions and provides the hedging that is considered appropriate for business purposes. No speculative currency positions are concluded.

Future expectations

We plan for 2023 to be a difficult transition year with reduced sales volumes in the range of 600 to 650 mDKK. We have already implemented restructuring actions in 2023 to reduce our cost base but are likely to experience again a significant EAT loss in the range of 85 to 105 mDKK. Please also refer to note 1 regarding the financial situation of the company.

Statement of social responsibility

Fiberline Composites A/S is part of Gurit Holding AG. Gurit Holding has a comprehensive section related to the group's CSR activities. Fiberline Composites is part of the group's CSR activities and Fiberline Composites is bound by the Gurit Holding CSR rules. We therefore refer to the group annual report for further information.

https://www.gurit.com/wp-content/uploads/2023/03/Gurit-AnnualReport-2022-single-pages.pdf

Environmental situation

Please refer to the CSR reporting from Gurit Holding AG.

Management's review

Energy policy
Please refer to the CSR reporting from Gurit Holding AG.

Corporate social responsibility - CSR policy
Please refer to the CSR reporting from Gurit Holding AG.

Human rights and combat of corruption
Please refer to the CSR reporting from Gurit Holding AG.

Social conditions

Safety
Please refer to the CSR reporting from Gurit Holding AG.

Health
Fiberline offers all its employees a canteen scheme with focus on healthy food. Moreover, Fiberline offers a fitness centre, which the employees are free to use outside work hours. All employees at Fiberline are covered by a health insurance. It is essential to Fiberline that all employees have a good health and have a good health insurance in case of sickness.

Fiberline has a target of maximum 5.0% absence due to illness. Status for 2022 was 6,1% absence due to illness.

Sick leave (absence %)	**2018**	**2019**	**2020**	**2021**	**2022**
White collar	2.6%	1.1%	1,2%	1,6%	1,8%
Blue collar	4.7%	5.5%	5,7%	7,4%	8,3%
Total	**4.0%**	**4.0%**	**4,4%**	**5,6%**	**6,1%**

Fiberline has not been able to reach its target in 2022. The company expects a high focus on safety and health will ensure, that the target is met in 2023.

Management's review

Gender policy

At Fiberline, we believe in diversity, including that equal distribution of genders contributes positively to the working environment. We wish to attract and retain the best candidates to any job position, irrespective of gender. When filling in vacant positions, Fiberline pursues always this policy in order to promote diversity in the company. We will:

• Attract and retain diversified and qualified staff.

• Ensure equality and diversity and continue to create equal career and education opportunities irrespective of gender, age, nationality, race, political and sexual orientation, and religion.

• Ensure a strong culture, which prevents discrimination, mobbing, and where all can be a part of the community.

Top management - gender distribution (%)	**2018**	**2019**	**2020**	**2021**	**2022**
Male	90%	90%	75%	75%	87%
Female	10%	10%	25%	25%	13%

Total staff - gender distribution (%)	**2018**	**2019**	**2020**	**2021**	**2022**
Male	78%	78%	77%	77%	77%
Female	22%	22%	23%	23%	23%

Board of directors - gender distribution (%)	**2018**	**2019**	**2020**	**2021**	**2022**
Male	100%	100%	100%	100%	100%
Female	0%	0%	0%	0%	0%

The aggregate gender distribution in the organisation was at the end of 2022 23% women and 77% men. In the top management, the share of female was 13% (1 female). In the Board of directors, which currently is made up of 5 persons the share of female is 0% (0 female).

Fiberline has a target of minimum 20% female in any gender distribution. The company is aiming to reach this target before the end of 2025. The company expects that through a higher focus in future recruitments this target can be met.

Management's review

Fiberline has focus on recruiting unbiased, and encourage as broad a search as possible, when replacing in the top management.

Data protection (§99d)

At Fiberline, we take our responsibility in data ethics seriously. Being a B-2-B company in a relatively consolidated business the level of customer and supplier specific information is limited, meaning the number of Fiberline employees with access to personalized information is low. Regarding personal information used in operating the business, employees are trained within GDPR and related data ethics via our internal Fiberline Academy online training.

Fiberline does not yet have a formalized policy on data ethics, but the use of data in general is assessed on a project-by-project basis. This includes (but not limited to);

• Data warehouse reporting user rights are determined centrally to secure internal access to data is driven by actual use. Employees are informed about confidentiality and to what extend this information can be used externally.

• Development projects which include business critical information are only managed by employees who are well informed about the current confidentiality clauses.

• Usage of other sensitive information (financial, customer and supplier related) is being discussed as a natural part of project and department management.

Fiberline will continue its work on a more formalized policy for data ethics.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022 have not been affected by any unusual events.

Uncertainty as to recognition and measurement

There are no uncertainties as to recognition and measurement.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the company and its financial position.

Income statement 1 January - 31 December

	Note	2022	2021
		TDKK	TDKK
Revenue	2	1,060,046	729,644
Other operating income		34,542	17,830
Cost of goods sold		-843,536	-505,923
Other external expenses		-112,441	-119,680
Gross profit		**138,611**	**121,871**
Staff expenses	3	-176,105	-156,096
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-12,809	-10,272
Other operating expenses		-2,137	-2,363
Profit/loss before financial income and expenses		**-52,440**	**-46,860**
Income from investments in subsidiaries		-25,541	13,761
Financial income		165	0
Financial expenses	4	-17,331	-8,546
Profit/loss before tax		**-95,147**	**-41,645**
Tax on profit/loss for the year	5	-2,536	14,588
Net profit/loss for the year	6	**-97,683**	**-27,057**

Balance sheet 31 December

Assets

	Note	2022	2021
		TDKK	TDKK
Acquired other similar rights		10,227	5,476
Intangible assets	7	**10,227**	**5,476**
Plant and machinery		70,362	46,942
Other fixtures and fittings, tools and equipment		11,877	10,990
Leasehold improvements		2,495	1,962
Property, plant and equipment in progress		1,082	27,337
Property, plant and equipment	8	**85,816**	**87,231**
Investments in subsidiaries	9	87,694	96,829
Receivables from group enterprises	10	50,564	0
Deposits	10	630	596
Fixed asset investments		**138,888**	**97,425**
Fixed assets		**234,931**	**190,132**
Raw materials and consumables		150,489	76,492
Finished goods and goods for resale		80,885	57,832
Inventories		**231,374**	**134,324**
Trade receivables		129,248	59,900
Receivables from group enterprises		37,214	28,449
Other receivables		10,222	1,776
Corporation tax		5,282	8,526
Prepayments	12	0	1,634
Receivables		**181,966**	**100,285**
Cash at bank and in hand		**29,007**	**42**
Current assets		**442,347**	**234,651**
Assets		**677,278**	**424,783**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		TDKK	TDKK
Share capital	13	1,408	1,365
Revaluation reserve		5,253	6,293
Reserve for hedging transactions		0	-2,315
Other reserves		-1,817	0
Retained earnings		-9,481	68,638
Equity		**-4,637**	**73,981**
Provision for deferred tax	14	0	117
Other provisions	15	1,506	0
Provisions		**1,506**	**117**
Credit institutions		0	42,009
Lease obligations		14,398	16,470
Payables to group enterprises		253,048	0
Other payables		13,758	21,539
Long-term debt	16	**281,204**	**80,018**
Credit institutions	16	0	62,468
Lease obligations	16	2,927	2,632
Trade payables		261,317	145,958
Payables to group enterprises		82,984	5,519
Other payables	16, 11	51,977	54,090
Short-term debt		**399,205**	**270,667**
Debt		**680,409**	**350,685**
Liabilities and equity		**677,278**	**424,783**

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Statement of changes in equity

	Share capital	Share premium account	Revaluation reserve	Reserve for development costs	Reserve for hedging transactions	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,365	0	6,293	56,804	-2,315	0	67,277	129,424
Net effect of correction of comparative figures	0	0	0	-56,804	0	0	1,362	-55,442
Adjusted equity at 1 January	1,365	0	6,293	0	-2,315	0	68,639	73,982
Exchange adjustments	0	0	0	0	0	-1,817	0	-1,817
Cash capital increase	43	21,347	0	0	0	0	0	21,390
Dissolution of previous years' revaluation	0	0	-1,040	0	0	0	1,040	0
End of hedge accounting	0	0	0	0	2,315	0	0	2,315
Goodwill related to subsidiaries	0	0	0	0	0	0	-3,026	-3,026
Other equity movements	0	0	0	0	0	0	0	0
Transfers, reserves	0	0	0	0	0	0	202	202
Net profit/loss for the year	0	0	0	0	0	0	-97,683	-97,683
Transfer from share premium account	0	-21,347	0	0	0	0	21,347	0
Equity at 31 December	**1,408**	**0**	**5,253**	**0**	**0**	**-1,817**	**-9,481**	**-4,637**

Notes to the Financial Statements

1. Going concern

As described in the Management's Review of the annual report the company has experienced significant losses in 2022 and Management expects negative cash flows for the rest of 2023 and the first half of 2024 as well.

In order to support Fiberline A/S financially the majority shareholder Gurit Holding AG has issued a letter of financial support stating that Gurit Holding AG will not withdraw any of the loans existing at December 31st 2022 and further to make available additional funding to execute the approved budgets. This commitment of additional funding is effective at least until June 30, 2024 with a maximum amount of 13.5 MEUR.

Based on the budgets and the letter of support it is our perception, that the company is able to continue as a going concern.

	2022	2021
	TDKK	TDKK

2. Revenue

	2022 TDKK	2021 TDKK
Geographical segments		
Europe	594,406	568,926
America	6,447	4,712
Asia	455,249	156,006
Rest of the world	3,617	0
	1,060,046	**729,644**
Business segments:		
Carbon fiber	930,953	555,296
Glass fiber	122,240	122,788
Other	6,853	51,560
	1,060,046	**729,644**

Notes to the Financial Statements

	2022	2021
	TDKK	TDKK

3. Staff Expenses

	2022	2021
Wages and salaries	156,985	139,722
Pensions	12,020	11,350
Other social security expenses	2,243	1,959
Other staff expenses	4,857	3,065
	176,105	**156,096**
Including remuneration to the Executive Board and Board of Directors	**3,845**	**7,780**
Average number of employees	**291**	**291**

	2022	2021
	TDKK	TDKK

4. Financial expenses

	2022	2021
Interest paid to group enterprises	2,599	0
Other financial expenses	14,732	8,546
	17,331	**8,546**

	2022	2021
	TDKK	TDKK

5. Income tax expense

	2022	2021
Current tax for the year	503	-8,526
Deferred tax for the year	2,033	-6,062
	2,536	**-14,588**

	2022	2021
	TDKK	TDKK

6. Profit allocation

	2022	2021
Retained earnings	-97,683	-27,057
	-97,683	**-27,057**

Notes to the Financial Statements

7. Intangible fixed assets

	Acquired other similar rights
	TDKK
Cost at 1 January	25,211
Additions for the year	474
Disposals for the year	-3,723
Transfers for the year	7,309
Cost at 31 December	29,271
Impairment losses and amortisation at 1 January	19,734
Amortisation for the year	1,299
Reversal of amortisation of disposals for the year	-1,989
Impairment losses and amortisation at 31 December	19,044
Carrying amount at 31 December	**10,227**

8. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	114,894	36,333	3,040	27,337
Additions for the year	17,336	1,751	873	26,207
Disposals for the year	-8,870	-2,191	0	-27,122
Transfers for the year	16,057	1,975	0	-25,340
Cost at 31 December	139,417	37,868	3,913	1,082
Revaluations at 1 January	16,341	0	0	0
Revaluations at 31 December	16,341	0	0	0
Impairment losses and depreciation at 1 January	84,294	25,343	1,079	0
Depreciation for the year	9,451	1,721	339	0
Reversal of impairment and depreciation of sold assets	-8,349	-1,073	0	0
Impairment losses and depreciation at 31 December	85,396	25,991	1,418	0
Carrying amount at 31 December	**70,362**	**11,877**	**2,495**	**1,082**
Revaluation less amortisation, depreciation and impairment losses	6,735	0	0	0
Carrying amount at 31 December before revaluations	**63,627**	**11,877**	**2,495**	**1,082**
Including assets under finance leases amounting to	17,325	0	0	0

Notes to the Financial Statements

9. Investments in subsidiaries

	2022	2021
	TDKK	TDKK
Cost at 1 January	144,754	129,291
Additions for the year	21,593	15,463
Disposals for the year	-400	0
Cost at 31 December	165,947	144,754
Value adjustments at 1 January	-47,925	-66,003
Exchange adjustment	-1,817	4,791
Net profit/loss for the year	-25,541	13,761
Other equity movements, net	-3,026	-474
Other adjustments	56	0
Value adjustments at 31 December	-78,253	-47,925
Carrying amount at 31 December	**87,694**	**96,829**
Positive differences arising on initial measurement of subsidiaries at net asset value	3,026	0

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Fiberline Asia Ltd.	Hong Kong	24.501 THKD	100%
Fiberline Pultrusion Tianjin Ltd.	China	20.594 TCNY	100%
Advanced Carbon Pultrusion A/S	Middelfart	1.000 TEUR	100%
Fiberline India Ltd.	India	1.114 TINR	99%

10. Other fixed asset investments

	Receivables from group enterprises	Deposits
	TDKK	TDKK
Cost at 1 January	0	596
Additions for the year	50,564	34
Cost at 31 December	50,564	630
Carrying amount at 31 December	**50,564**	**630**

Notes to the Financial Statements

11. Derivative financial instruments

Long-term debt includes the fair value of interest rate swaps of TDKK -696 (2021: TDKK -2,967).

Short-term debt includes the fair value of FX swaps of TDKK -255 (2021: 0).

12. Prepayments

Prepayments and accrued income recognized as assets include costs incurred for subsequent financial years.

13. Share capital

	Number	Nominal value
		TDKK
A-shares, 862,168 unit in the denomination of 1 DKK	862	862
B-shares, 507,556 unit in the denomination of 1 DKK	508	508
C-shares, 38,300 unit in the denomination of 1 DKK	38	38
		1,408

14. Provision for deferred tax

	2022	2021
	TDKK	TDKK
Deferred tax liabilities at 1 January	117	4,481
Transfer from tax receivables	3,244	0
Other adjustments	-675	0
Amounts recognised in the income statement for the year	-2,033	-6,062
Amounts recognised in equity for the year	-653	1,698
Deferred tax liabilities at 31 December	**0**	**117**

Notes to the Financial Statements

15. Other provisions

The Company provides warranties of on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of TDKK 1,506 (2021: TDKK 0) have been recognised for expected warranty claims.

	2022	2021
	TDKK	TDKK
Other provisions	1,506	0
	1,506	**0**

The provisions are expected to mature as follows:

Within 1 year	1,506	0
After 5 years	0	0
	1,506	**0**

16. Long-term debt

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

The debt falls due for payment as specified below:

	2022	2021
	TDKK	TDKK
Credit institutions		
After 5 years	0	652
Between 1 and 5 years	0	41,357
Long-term part	0	42,009
Within 1 year	0	5,745
Other short-term debt to credit institutions	0	56,723
Short-term part	0	62,468
	0	**104,477**
Lease obligations		
After 5 years	3,526	4,214
Between 1 and 5 years	10,872	12,256
Long-term part	14,398	16,470
Within 1 year	2,927	2,632
	17,325	**19,102**

Payables to group enterprises

After 5 years	0	0
Between 1 and 5 years	253,048	0
Long-term part	253,048	0
Within 1 year	0	0
Other short-term debt to group enterprises	82,984	5,519
Short-term part	82,984	5,519
	336,032	**5,519**

Other payables

After 5 years	0	12,197
Between 1 and 5 years	13,758	9,342
Long-term part	13,758	21,539
Within 1 year	0	11,090
Other short-term payables	51,977	43,000
	65,735	**75,629**

17. Contingent assets, liabilities and other financial obligations

	2022	2021
	TDKK	TDKK
Charges and security		
The following assets have been placed as security with mortgage credit institutes:		
Floating charge totalling TDKK 110,000 providing security on intangible fixed assets. property, plant and equipment, inventories and trade receivables at a total carrying amount of	0	270,321
The following assets have been placed as security with bankers:		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	14,727	14,928
Between 1 and 5 years	56,612	52,633
After 5 years	95,324	107,188
	166,663	**174,749**

Other contingent liabilities

At the balance sheet date, a tax audit is ongoing. We estimate that the possible outcome area is between no effect and an accounting loss of up to MDKK 9 . No provisions have been made, as the case is at an early state and it is not possible to measure reliably at the current stage.

The company has agreed to maintain the current credit facilities to its subsidiary, Advanced Carbon Pultrusion A/S, at least until June 30, 2024.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Danish tax Group. The total amount of corporation tax payable by the Danish tax Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Danish tax Group's liability.

18. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Gurit Holding AG	Main shareholder

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Gurit Holding AG	Wattwil, Switzerland

19. Fee to auditors appointed at the general meeting

	2022 TDKK	2021 TDKK
Audit fee	620	745
Tax advisory services	65	123
Non-audit services	181	200
	866	**1,068**

20. Subsequent events

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

Notes to the Financial Statements

21. Accounting policies

The Annual Report of FIBERLINE COMPOSITES A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in TDKK.

Adjustment of comparative figures

After the acquisition of 60% of the shares by Gurit Holding AG, Fiberline Composites has re-assessed the requirements for capitalisation of development costs in 2021 and prior years. As a result of this re-assessment the company concluded that these assets did not meet the requirements for capitalisation. Therefore financial figures for result after tax, equity and balance sheet have been restated.

As a result of the correction, result for the year 2021 after tax is reduced by MDKK 24, Equity as per December 2021 is reduced by MDKK 55 and total assets are reduced by MDKK 71. Equity as per January 1, 2021 is reduced by MDKK 31 as a result of changes to former years' capitalisation.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of Gurit Holding AG, the Company has not prepared consolidated financial statements.

Cash flow statement

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

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

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

Leases

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

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

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

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

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

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Derivative financial instruments

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

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

Hedge accounting

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

Segment information on revenue

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

Notes to the Financial Statements

Income statement

Net sales

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

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

Cost of goods sold

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

Other external expenses

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

Other external expenses also include research and development costs that do not qualify for capitalisation.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Advanced Carbon Pultrusion A/S. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Development projects

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

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

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

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

Other intangible fixed assets

Other intangible fixed assets are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Other intangible fixed assets are amortised over the period of the agreements, which is 3-5 years.

Property, plant and equipment

On acquisition assets are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and supsuppliers up until the time when the asset is ready for use.

Fair value is the amount for which the plant and machinery could be exchanged between knowledgeable, willing parties in an arm's length transaction on the balance sheet date. The determination of fair value involves material accounting estimates.

In Management's opinion the determination of fair value for the year was enabled through comparable market transactions and, consequently, valuation is based on the expected selling price of assets

The fair value of certain assets has been assessed by the independent assessor firm at 10 January 2022.

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

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

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

Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-20 years

Leasehold improvements	5-15 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

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

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

Finished goods and work in progress are included at the standard cost. In addition, indirect production costs are imposed.
Indirect production cost include indirect materials and wages, energy consumption in production, as well as maintenance, depreciation and leasing expenses on the machinery, factory buildings and equipment used in the production process.

Receivables

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

Prepayments

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

Provisions

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

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit before financials x 100 / Revenue
Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity