

# Annual Report 2023

---

Polytech A/S · Industrivej 75 · 6740 Bramming  
CVR No. 17736590

## CONTENTS

|   | <b>Page</b> |
|---|-------------|
| <b>Company Details</b>                              |             |
| Company Details.....                                | 3           |
| <b>Statement and Report</b>                         |             |
| Management's Statement.....                         | 4           |
| Independent Auditor's Report.....                   | 5-6         |
| <b>Management Commentary</b>                        |             |
| Financial Highlights.....                           | 7           |
| Management Commentary.....                          | 8-13        |
| <b>Financial Statements 1 January - 31 December</b> |             |
| Income Statement.....                               | 14          |
| Balance Sheet.....                                  | 15-16       |
| Equity.....   | 17          |
| Notes.....  | 18-22       |
| Accounting Policies.....                            | 23-29       |

**COMPANY DETAILS**

|                           |  |
|---------------------------|--|
| <b>Company</b>            | Polytech A/S<br>Industrivej 75<br>6740 Bramming  |
|                           | CVR No.: 17 73 65 90<br>Established: 15 April 1994<br>Municipality: Esbjerg<br>Financial Year: 1 January - 31 December |
| <b>Board of Directors</b> | Søren Friis Knudsen, chairman<br>Lars Denkov<br>Arne Handeland   |
| <b>Executive Board</b>    | Mads Kirkegaard  |
| <b>Auditor</b>            | BDO Statsautoriseret revisionsaktieselskab<br>Dokken 8<br>6700 Esbjerg   |

## MANAGEMENT'S STATEMENT

Today the Board of Directors and Executive Board have discussed and approved the Annual Report of Polytech A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023.

The Management Commentary includes in our opinion a fair presentation of the matters dealt with in the Commentary.

We recommend the Annual Report be approved at the Annual General Meeting.

Esbjerg, 18 March 2024

Executive Board

---

Mads Kirkegaard

Board of Directors

---

Søren Friis Knudsen  
Chairman

---

Lars Denkov

---

Arne Handeland

## INDEPENDENT AUDITOR'S REPORT

### To the Shareholders of Polytech A/S

#### Opinion

We have audited the Financial Statements of Polytech A/S for the financial year 1 January - 31 December 2023, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies. The Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the assets, liabilities and financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

#### Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the 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 (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

#### 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.

#### 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 judgment and maintain professional skepticism 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.

## INDEPENDENT AUDITOR'S REPORT

- 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.

### Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Financial Statements does not cover Management Commentary, 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 Commentary and, in doing so, consider whether Management Commentary 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 Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary 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 Management Commentary.

Esbjerg, 18 March 2024

BDO Statsautoriseret revisionsaktieselskab  
CVR no. 20 22 26 70

Mikael Grosbøl  
State Authorised Public Accountant  
MNE no. mne33707

Kasper Ladefoged  
State Authorised Public Accountant  
MNE no. mne49042

## FINANCIAL HIGHLIGHTS

|   | 2023<br>EUR '000 | 2022<br>EUR '000 | 2021<br>EUR '000 | 2020<br>EUR '000 | 2019<br>EUR '000 |
|---|------------------|------------------|------------------|------------------|------------------|
| <b>Income statement</b>                             |                  |                  |                  |                  |                  |
| Net revenue.....                                    | 70,019           | 84,753           | 0                | 0                | 0                |
| Gross profit/loss.....                              | 26,658           | 32,596           | 34,973           | 50,724           | 32,216           |
| Operating profit/loss of main activities...         | 1,648            | 866              | 20,559           | 36,653           | 20,762           |
| Financial income and expenses, net.....             | -521             | -621             | -1,178           | -1,523           | -715             |
| Profit/loss for the year.....                       | 790              | -266             | 24,135           | 30,271           | 15,627           |
| <b>Balance sheet</b>                                |                  |                  |                  |                  |                  |
| Total assets.....                                   | 43,300           | 44,636           | 19,797           | 19,123           | 36,418           |
| Equity.....   | 23,359           | 22,579           | 11,546           | 944              | 23,362           |
| Investment in property, plant and<br>equipment..... | -856             | -33,384          | -1,627           | -7,717           | -6,973           |
| <b>Key ratios</b>                                   |                  |                  |                  |                  |                  |
| Equity ratio.....                                   | 53.9             | 50.6             | 58.3             | 4.9              | 64.1             |
| Return on equity.....                               | 3.4              | -1.6             | 386.5            | 249.1            | 89.0             |

A horizontal merger has been made in 2022 without restatement of comparative figures (the book value method). The income statement and balance sheet includes production and test activities which are not included in comparative figures for the period 2019-2021.

Net revenue for years 2019-2021 has not been disclosed with reference to §32.

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio: 
$$\frac{\text{Equity, at year-end} \times 100}{\text{Total assets, at year-end}}$$

Return on equity: 
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

## MANAGEMENT COMMENTARY

### Principal activities

The Polytech Group's primary activities comprise the development and production of a wide portfolio of products supporting the wind industry. Products are delivered to wind turbine manufacturers (OEMs), Tier1 partners, and wind turbine asset owners and developers.

Polytech Group is offering unique value propositions within five solution portfolio areas: Lightning Protection Systems, Leading Edge Protection, Blade Monitoring & Optimization, Transport Equipment & Solutions, and Performance & Structural Components. The Polytech Group has also extended its portfolio with subsea solutions, but these are under development. The first products here - and therefore related revenue - are expected in 2025.

### Development in activities and financial and economic position

The income statement for 2023 shows a profit of TEUR 790 and the balance sheet shows an equity at TEUR 23,359. The development and result are below management's expectations, due to the market conditions where an expected general recovery of the wind industry did not materialize in second half of 2023.

### Profit/loss for the year compared to the expected development

The revenue declined more than expected, also considering the move of German activities to Denmark which had a positive impact on revenue in Polytech A/S in the 2nd half of 2023. Despite this, the saving initiatives decided in 2022 had a full year impact in 2023, contributing to a slightly better result than expected in the annual report for 2022.

### 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's financial position.

### Financial risk

Due to Polytech Group's international operations, both earnings, cash flow, and equity are affected by the development in exchange rates and interest rates. The Group continuously monitors fluctuations in currencies and continuously evaluates those but has chosen not to enter forward exchange contracts to hedge currency risks. Additionally, the development of fluctuations in freight rates and raw materials can potentially create a specific risk, as price compensation from customers can only be obtained to a limited degree due to contractual obligations.

### Knowledge resources

The knowledge resources within Polytech are key to maintaining a position in the market where new products are continuously being developed.

### Research and development activities

Innovation and development are key to Polytech, and during 2023 further activities took place regarding both continuous improvements of existing products as well as new product solutions such as subsea solutions mentioned above. Consequently, high intellectual capital resources from employees, is key to the performance of Polytech in the years to come.

### Future expectations

The company expects the wind industry to grow in 2024 and in combination with the full year impact of the restructuring activities, a smaller growth is expected for revenue along with a slightly improved result.



## MANAGEMENT COMMENTARY

### Corporate social responsibility (CSR) report

The Polytech Group (Polytech) focuses on doing business with development, production, sale and marketing of wind powered sustainable and renewable energy solutions customized to the needs of the customers and on meeting strategic challenges in a financially and socially responsible way. The Group has a number of formal and informal policies and positions on how to live out its social responsibility.

### Statement of corporate social responsibility:

Polytech is a global company and have manufacturing facilities in Denmark, China, and Mexico as well as sales departments in Denmark and China. Polytech's products are exported globally.

Polytech takes social responsibility seriously and aims to act responsibly both in the financial, environmental, and social context. HSE and Sustainability are already top priorities at Polytech which can be seen in the company's commitment to ISO 14001, ISO 45001, and Bureau Veritas' '17 Sustainable Developments Goals Certification'. Polytech currently focuses on 6 sustainability targets - with both an environmental and social focus. Polytech has identified five targets directly related to our environmental footprint, and one target related to our social responsibility:

- **Target 1:** 40 % recycled or renewable materials in 2030
- **Target 2:** 80 % reduction in CO<sub>2</sub>e in 2030 vs. 2020 in Scope 1 & 2 + 40 % reduction in CO<sub>2</sub>e in relation to turnover in 2030 vs 2020 in Scope 3
- **Target 3:** 100 % renewable energy use in 2030 at all global locations
- **Target 4:** Recycling 90 % of all production waste generated in 2030
- **Target 5:** Implement product take-back programs covering 20 % of all sold goods in 2030
- **Target 6:** Support minimum 10 social projects in the area of Polytech's operations every year

By 2024, Polytech's overall aim is to introduce ISO 14001 and ISO 45001 at Polytech's production sites in China and Mexico, meaning that Polytech ensures that environmental and social working conditions are documented and met in accordance with the ISO-standards.

Polytech's aim is to foster positive relationships with local communities using sponsorship or support non-profit organizations to promote the company and its operations. Sponsorship and support to civil society will build on the company's profile and underpin its role as an engaged corporate citizen (Employee Code of Conduct - ECoC).

### Human Rights:

It is important for Polytech that all human rights are respected and maintained. To mitigate the risk of violation of human rights, Polytech implemented a supplier code of conduct (SCoC) during 2023. In 2023 Polytech has completed 11 external audits on suppliers which includes investigation regarding underage labour and other human rights, thereby seeking to ensure prevention of violation.

The Supplier Code of Conduct is a tool to e.g., focus on human rights within the supply chain. Polytech will continue to audit external suppliers in 2024, along with the signed Supplier Code of Conduct from suppliers.

In the Supplier Code of Conduct it is specified that Polytech conduct regular due diligence exercises on the supplier and the business partners to identify risks and implement appropriate measures to mitigate identified risks for purposes of safeguarding human rights. For transparency purposes Polytech makes public reports covering due diligence and measures identified and implemented in accordance with applicable laws (Polytech - Supplier Code of Conduct, 2023).

At Polytech it is expected that the suppliers have processes in place to conduct due diligence activities in their operations and their entire supply chain, including business partners. This must be done in accordance with international standards such as the OECD Guidelines for Multinational companies. The due diligence must as a minimum cover human rights, working conditions, environmental damage, corruption, and bribery.

Going forward Polytech expects to continue working with human rights and continue with audits for suppliers and potential suppliers.

## MANAGEMENT COMMENTARY

### Corporate social responsibility (CSR) report (continued)

In Q1 2024 Polytech will introduce an Employee Code of Conduct (ECoC). In the Employee Code of Conduct it will be specified that Polytech perform business in line with basic human rights enshrined in the UN Declaration of Human Rights. Polytech shall comply with the four conventions of the International Labour Organization (ILO) on the right to free organization, prohibition of child labor, prohibition of forced labour, and prohibition of discrimination (Employee - Code of Conduct, 2024).

### Staff and social responsibility:

At Polytech, personal development and safety of the individual employee has a high focus from the management. Polytech's production processes are complex and have potential risks related to cuts, heavy lifts etc. Polytech have in 2023 identified and mapped the different areas where heavy lifts occur. To mitigate the risk from heavy lifts, Polytech has started to rearrange and reschedule parts of the production areas, as well as focusing on this topic when setting up new production areas.

In 2024 the mitigation actions will continue with the 'Safety-First'-campaign, which is also expected to expand even further, but also the mitigation of risk from heavy lifting will continue as per the mapping completed this year.

Polytech educates and trains the employees both in the production processes itself and safety along with this, but also in other important topics such as environmental sustainability and innovations in industries.

Polytech monitor and follow up on occupational safety and sick leave on regular basis. It is important for Polytech to be aligned with legislation and requirements, both for Polytech's own agenda, but also to be able to continuously deliver to the customers in the wind industry.

Polytech strives to have a safe and healthy physical work environment and psychological health and safety at work for all employees. Polytech launches different safety campaigns each year under the motto "Safety First". At group level, Polytech monitors and follows up on work safety through the registration of the number of accidents and observations. A major "Safety First" campaign has been pursued since 2020. In 2022, the number of work-related accidents declined to 4 work-related accidents (9 in 2021), and in 2023, the number of work-related accidents declined further to 1 work-related accident. The result is due to continued efforts within operations and the 'Safety First' campaign, structured risk assessments, safety audits, comprehensive training, continually mitigating unsafe activities and unsafe conditions.

In 2024 this work will continue, but additionally there will be an increased focus on psychological health at work. Our annual engagement survey Let's Lift Up drives activities to support motivation and engagement among our employees and serves the purpose of preventing stress and failure to thrive. In connections with sickness, the policy "From Absence to Presence" supports a quick recovering and return to work.

Polytech complies, as a minimum, with applicable legislation and collective agreements in the individual countries in relation to wages, working hours, rest, holidays, illness, maternity leave, and other terms of employment, including annual workplace assessment and well-being surveys.

### Employee Handbook and Employee Code of Conduct:

In Polytech's Employee Handbook, the employees will find relevant information about the company policies, guidelines, and rules according to being an employee at Polytech. The Employee Handbook also contains information about salary, driving allowance, rules about maternity leave, general ethics on the locations, etc.

Due to the potential risk of corruption, there is a significant focus on preventive action, such as whistleblower scheme. To mitigate the risk Polytech Group has during 2023 initiated increased internal communication around the existence of the whistleblower scheme to create awareness in the organization. Anti-corruption and bribery has always been a part of Polytech's ethical business foundation and therefore the whistleblower scheme is handled by an external party to ensure the possibility to safely report a potential fraudulent behaviour.

## MANAGEMENT COMMENTARY

### Corporate social responsibility (CSR) report (continued)

In the future Employee Code of Conduct it is specified that: ‘employees at Polytech are committed to performing business in an open and transparent manner, in all locations, at all times. No corruption or fraudulent behaviour is tolerated. Employees must not plan or facilitate any corrupt or fraudulent activity, even in cases where they do not benefit directly. All Polytech personnel, which includes any party representing Polytech, are prohibited from directly or indirectly offering or accepting any improper advantage in connection with a position, office or assignment’ (Polytech - Employee Code of Conduct, 2024).

In 2023 there has been no cases of corruption and bribery, and in 2024 the zero-tolerance policy will be continued.

#### **Whistleblower scheme:**

Polytech are committed to ensure a safe and respectful working environment for all the employees, and act as a reliable and responsible business partner. As such, Polytech provides an independent whistleblower platform. ‘Polytech Speak Up’, where the employees and stakeholders can report suspected fraud and other misconducts. All reports are confidential and can be submitted anonymously. ‘Polytech Speak Up’ is an independent whistleblowing service managed by Deloitte on behalf of Polytech for all Polytech group companies. The Whistleblower scheme is available on Polytech’s website ([www.polytech.com](http://www.polytech.com)).

‘Polytech Speak Up’ is designed to receive disclosures relating to e.g., bribery & corruption, discrimination, health/safety/environment, sexual harassment, policy/procedure breach etc.

In 2023 there has been two registrations through the whistleblower scheme - both have been investigated, handled and subsequently closed by Polytech’s HR-department.

#### **Sustainability:**

Acknowledging that the manufacturing processes in Polytech represent a risk for the environment, a risk assessment is conducted every year in the factories in Denmark, China, and Mexico to enhance energy optimization when components and equipment needs to be replaced.

After the risk assessment and to mitigate the risks for the environment Polytech has in 2023 initiated efforts to reduce the carbon footprint on Polytech’s products. Some of the projects and processes Polytech initiated in 2023 include for example:

- Optimized energy consumption through replacements of the ventilators
- Optimized employee well-being, work efficiency and energy consumption through a 4-days' work week.
- Every board meeting starting with a presentation and development in sustainability matters
- Monthly energy meetings - to optimize energy consumption in the production
- Full scope 1 & 2 GHG emissions - initiated scope 3 data collection.

In 2024 Polytech will continue the effort and expects to work on mapping scope 3 GHG-emissions, replacement of fluorescent tubes to energy efficient bulbs (LED) in the Testcenter, map and optimization of different heavy energy areas in the production etc. Additionally, as mentioned before Polytech plans to map different digital platform solutions that can initiate a deeper supplier risk assessment on different levels (e.g., geographical, carbon footprint, industry, social policies etc.). In 2024 Polytech will also initiate a process towards ESG-reporting, which involves different environmental, social and governance initiatives.

## MANAGEMENT COMMENTARY

### Corporate social responsibility (CSR) report (continued)

#### Statement on gender composition:

Diversity among management and employees are important parameters both internally at Polytech and externally for Polytech's stakeholders. Polytech believes that diversity among employees, including gender distribution, contributes to a positive working environment and enhances Polytech's performance, robustness, and competitiveness.

Polytech strives to enhance diversity across the company. Polytech provides a workplace that is characterized by mutual respect, support and equal opportunities for all. Polytech are impartial towards all individuals, regardless of gender, nationality, religion, disability, age, sexual orientation or political opinion (ECoC).

The focus on diversity is a part of the evaluation during the recruitment process of new employees. When recruiting managers at all levels, Polytech aims to e.g., interview at least one person of each gender. This is also a requirement for agencies to present at least one of each gender among the qualified candidates. Polytech are focusing on supporting and increasing diversity when it comes to gender. However, just like other companies in the wind industry, Polytech are operating in an environment where most professions are engineers and craftsmen - professions still having a general overrepresentation of men, and the pool of female candidates can therefore be limited. Still we have been successful in attracting women also to the male dominated positions. Polytech participate in fairs and educational initiatives to support and raise interest in the technical professions in general, but also with the focus on simulating the interest in these professions and trades for females.

The diversity on manager-level, C-Level and among Board members in 2023 can be seen in the table below.

#### Report of target figures and policies for the under-represented gender

##### Gender distribution within Management

|  | <b>2023</b> |
|--|-------------|
| Number of members of the supreme management body.....                    | 3           |
| Under-represented gender, share in % of the supreme management body..... | 0%          |
| Number of people at other management levels.....                         | 29          |
| Under-represented gender, share in % at other management levels.....     | 24%         |

##### Target figures for the supreme management body

|   | <b>2023</b> |
|---|-------------|
| Target figures in % for the supreme management body.....      | 25%         |
| Year, in which the target figures are expected to be met..... | 2025        |

##### Status of meeting the target figures set for the supreme management body

See "Statement on gender composition" above.

##### Target figures for other management levels

|   | <b>2023</b> |
|---|-------------|
| Target figures in % for the other management levels.....      | 25%         |
| Year, in which the target figures are expected to be met..... | 2025        |

## MANAGEMENT COMMENTARY

### **Report of target figures and policies for the under-represented gender (continued)**

#### Policy for other management levels

In Polytech it is furthermore ensured that no form of harassment, discrimination, differential treatment, or any other conduct which may be interpreted as threatening or degrading shall ever be permitted (ECoC).

### **Report of data ethics**

Polytech Group has extensive procedures regarding compliance and GDPR, including process descriptions and incident reporting. Since Polytech does not work with machine learning, and operates within the B2B business, it is expected that data ethical risks have been sufficiently covered by GDPR processes, therefore no formal data ethics policy has been developed at this point in time.

## INCOME STATEMENT 1 JANUARY - 31 DECEMBER

|   | Note | 2023<br>EUR '000 | 2022<br>EUR '000 |
|---|------|------------------|------------------|
| <b>NET REVENUE</b> .....  | 1    | <b>70,019</b>    | <b>84,753</b>    |
| Expenses for raw materials and consumables.....   |      | -32,184          | -42,855          |
| Change in inventories of finished goods and work in<br>progress.....                        |      | 937              | 5,465            |
| Work performed by the entity and capitalised.....   |      | 12               | 484              |
| Other operating income.....   |      | 565              | 795              |
| Other external expenses.....  | 3    | -12,691          | -16,046          |
| <b>GROSS PROFIT/LOSS</b> .....  |      | <b>26,658</b>    | <b>32,596</b>    |
| Staff costs.....  | 2    | -18,481          | -24,938          |
| Depreciation, amortisation and impairment losses for<br>tangible and intangible assets..... |      | -6,529           | -6,398           |
| Other operating expenses.....   |      | 0                | -394             |
| <b>OPERATING PROFIT</b> .....   |      | <b>1,648</b>     | <b>866</b>       |
| Other financial income.....   |      | 436              | 349              |
| Other financial expenses.....   | 4    | -957             | -970             |
| <b>PROFIT BEFORE TAX</b> .....  |      | <b>1,127</b>     | <b>245</b>       |
| Tax on profit/loss for the year.....  | 5    | -246             | 33               |
| Other taxes.....  |      | -91              | -544             |
| <b>PROFIT FOR THE YEAR</b> .....  | 6    | <b>790</b>       | <b>-266</b>      |

## BALANCE SHEET AT 31 DECEMBER

| ASSETS  | Note     | 2023<br>EUR '000 | 2022<br>EUR '000 |
|---|----------|------------------|------------------|
| Completed development projects.....             |          | 764              | 994              |
| Acquired concessions, patents and licences..... |          | 1,664            | 0                |
| Goodwill.....                                   |          | 1,112            | 1,741            |
| <b>Intangible assets.....</b>                   | <b>7</b> | <b>3,540</b>     | <b>2,735</b>     |
| Production plant and machinery.....             |          | 6,524            | 9,449            |
| Other plant, fixtures and equipment.....        |          | 3,765            | 4,990            |
| Leasehold improvements.....                     |          | 195              | 351              |
| Tangible fixed assets in progress.....          |          | 244              | 1,049            |
| <b>Property, plant and equipment.....</b>       | <b>8</b> | <b>10,728</b>    | <b>15,839</b>    |
| Investments in subsidiaries.....                |          | 5,401            | 5,403            |
| Other investments.....                          |          | 2                | 2                |
| Rent deposit and other receivables.....         |          | 158              | 536              |
| <b>Financial non-current assets.....</b>        | <b>9</b> | <b>5,561</b>     | <b>5,941</b>     |
| <b>NON-CURRENT ASSETS.....</b>                  |          | <b>19,829</b>    | <b>24,515</b>    |
| Raw materials and consumables.....              |          | 7,333            | 5,470            |
| Work in progress.....                           |          | 110              | 171              |
| Finished goods and goods for resale.....        |          | 7,692            | 6,694            |
| Prepayments.....                                |          | 206              | 40               |
| <b>Inventories.....</b>                         |          | <b>15,341</b>    | <b>12,375</b>    |
| Contract work in progress.....                  | 10       | 94               | 289              |
| Receivables from group enterprises.....         |          | 1,396            | 2,607            |
| Deferred tax assets.....                        | 11       | 70               | 5                |
| Other receivables.....                          |          | 2,126            | 1,207            |
| Joint tax contribution receivable.....          |          | 0                | 299              |
| Prepayments.....                                | 12       | 89               | 66               |
| <b>Receivables.....</b>                         |          | <b>3,775</b>     | <b>4,473</b>     |
| <b>Cash and cash equivalents.....</b>           |          | <b>4,355</b>     | <b>3,273</b>     |
| <b>CURRENT ASSETS.....</b>                      |          | <b>23,471</b>    | <b>20,121</b>    |
| <b>ASSETS.....</b>                              |          | <b>43,300</b>    | <b>44,636</b>    |

## BALANCE SHEET AT 31 DECEMBER

| EQUITY AND LIABILITIES             | Note   | 2023<br>EUR '000 | 2022<br>EUR '000 |
|------------------------------------|--------|------------------|------------------|
| Share Capital.....                 | 13     | 806              | 806              |
| Reserve for development costs..... |        | 593              | 775              |
| Retained earnings.....             |        | 21,960           | 20,998           |
| <b>EQUITY.....</b>                 |        | <b>23,359</b>    | <b>22,579</b>    |
| Other provisions.....              |        | 374              | 1,866            |
| <b>PROVISIONS.....</b>             |        | <b>374</b>       | <b>1,866</b>     |
| Lease liabilities.....             |        | 35               | 165              |
| Trade payables.....                |        | 4,084            | 4,138            |
| Debt to Group companies.....       |        | 13,547           | 13,806           |
| Corporation tax payable.....       |        | 311              | 0                |
| Other liabilities.....             |        | 1,590            | 2,082            |
| <b>Current liabilities.....</b>    |        | <b>19,567</b>    | <b>20,191</b>    |
| <b>LIABILITIES.....</b>            |        | <b>19,567</b>    | <b>20,191</b>    |
| <b>EQUITY AND LIABILITIES.....</b> |        | <b>43,300</b>    | <b>44,636</b>    |
| <br>Contingencies etc.             | <br>14 |                  |                  |
| Charges and securities             | 15     |                  |                  |
| Related parties                    | 16     |                  |                  |
| Consolidated Financial Statements  | 17     |                  |                  |



## EQUITY

|   | Share capital | Reserve for<br>development<br>costs | Retained<br>earnings | Total         |
|---|---------------|-------------------------------------|----------------------|---------------|
| Equity at 1 January 2023.....               | 806           | 775                                 | 20,998               | 22,579        |
| Proposed profit allocation, see note 6..... |               |                                     | 790                  | 790           |
| <b>Other legal bindings</b>                 |               |                                     |                      |               |
| Foreign exchange adjustments.....           |               |                                     | -10                  | -10           |
| <b>Transfers</b>                            |               |                                     |                      |               |
| Allowed equalization.....                   |               | -182                                | 182                  | 0             |
| <b>Equity at 31 December 2023.....</b>      | <b>806</b>    | <b>593</b>                          | <b>21,960</b>        | <b>23,359</b> |

## NOTES

|  | 2023<br>EUR '000 | 2022<br>EUR '000 | Note     |
|--|------------------|------------------|----------|
| <b>Net revenue</b>   |                  |                  | <b>1</b> |
| Revenue, Denmark.....  | 21,142           | 21,445           |          |
| Revenue, Europe.....   | 18,604           | 24,907           |          |
| Revenue, countries outside Europe.....   | 30,273           | 38,401           |          |
|  | <b>70,019</b>    | <b>84,753</b>    |          |
| <b>Segment details (activities)</b>  |                  |                  |          |
| Wind energy.....   | 70,019           | 84,753           |          |
|  | <b>70,019</b>    | <b>84,753</b>    |          |
| <b>Staff costs</b>   |                  |                  | <b>2</b> |
| Average number of full-time employees  | 225              | 333              |          |
| Wages and salaries.....  | 16,616           | 22,692           |          |
| Pensions.....  | 1,561            | 1,827            |          |
| Social security costs.....   | 304              | 419              |          |
|  | <b>18,481</b>    | <b>24,938</b>    |          |
| Remuneration of Management.....  | 576              | 458              |          |
|  | <b>576</b>       | <b>458</b>       |          |
| <b>Fee to statutory auditor</b>  |                  |                  | <b>3</b> |
| <p>With reference to § 96, subsection 3 of the Danish Financial Statements Act, the information on fee to statutory auditor has been omitted in accordance with the company's accounts being fully consolidated in the consolidated Annual Report.</p> |                  |                  |          |
| <b>Other financial expenses</b>  |                  |                  | <b>4</b> |
| Interest expenses to group enterprises.....  | 202              | 318              |          |
| Other interest expenses.....   | 755              | 652              |          |
|  | <b>957</b>       | <b>970</b>       |          |
| <b>Tax on profit/loss for the year</b>   |                  |                  | <b>5</b> |
| Calculated tax on taxable income of the year.....  | 311              | 0                |          |
| Adjustment of deferred tax.....  | -65              | -33              |          |
|  | <b>246</b>       | <b>-33</b>       |          |

## NOTES

|   | 2023<br>EUR '000                     | 2022<br>EUR '000                                    | Note         |
|---|--------------------------------------|---|--------------|
| <b>Proposed distribution of profit</b>  |                                      |   | <b>6</b>     |
| Retained earnings.....  | 790                                  | -266  |              |
|   | <b>790</b>                           | <b>-266</b>   |              |
| <br>  |                                      |   |              |
| <b>Intangible assets</b>  |                                      |   | <b>7</b>     |
|   | Completed<br>development<br>projects | Acquired<br>concessions,<br>patents and<br>licences | Goodwill     |
| Cost at 1 January 2023.....   | 1,169                                | 203   | 4,420        |
| Additions.....  | 4                                    | 1,850   | 0            |
| <b>Cost at 31 December 2023.....</b>  | <b>1,173</b>                         | <b>2,053</b>  | <b>4,420</b> |
| <br>  |                                      |   |              |
| Amortisation at 1 January 2023.....   | 175                                  | 203   | 2,679        |
| Amortisation for the year.....  | 234                                  | 186   | 629          |
| <b>Amortisation at 31 December 2023.....</b>  | <b>409</b>                           | <b>389</b>  | <b>3,308</b> |
| <br>  |                                      |   |              |
| <b>Carrying amount at 31 December 2023.....</b>   | <b>764</b>                           | <b>1,664</b>  | <b>1,112</b> |
| <br>  |                                      |   |              |
| <b>Development projects</b>   |                                      |   |              |
| Completed development projects relates to the development of a new software which gathers data on transport equipment which can be accessed through an online platform. There is no indication of impairment. |                                      |   |              |
| <br>  |                                      |   |              |
| <b>Property, plant and equipment</b>  |                                      |   | <b>8</b>     |
|   | Production plant<br>and machinery    | Other plant,<br>fixtures and<br>equipment           |              |
| Cost at 1 January 2023.....   | 22,337                               | 11,299  |              |
| Exchange adjustment at closing rate.....  | -8                                   | -6  |              |
| Transferred.....  | 870                                  | 50  |              |
| Additions.....  | 78                                   | 640   |              |
| Disposals.....  | -500                                 | -341  |              |
| <b>Cost at 31 December 2023.....</b>  | <b>22,777</b>                        | <b>11,642</b>                                       |              |
| <br>  |                                      |   |              |
| Depreciation and impairment losses at 1 January 2023.....   | 12,888                               | 6,309   |              |
| Exchange adjustment.....  | -5                                   | -5  |              |
| Reversal of depreciation of assets disposed of.....   | -321                                 | -94   |              |
| Depreciation for the year.....  | 3,691                                | 1,667   |              |
| <b>Depreciation and impairment losses at 31 December 2023....</b>   | <b>16,253</b>                        | <b>7,877</b>  |              |
| <br>  |                                      |   |              |
| <b>Carrying amount at 31 December 2023.....</b>   | <b>6,524</b>                         | <b>3,765</b>  |              |
| <br>  |                                      |   |              |
| Finance lease assets.....   |                                      |   | 27           |

## NOTES

Note

**Tangible fixed assets (continued)**

8

|   | Leasehold<br>improvements | Tangible fixed<br>assets in<br>progress |
|---|---------------------------|---|
| Cost at 1 January 2023.....                                       | 1,286                     | 1,049                                   |
| Transferred.....  | 0                         | -920                                    |
| Additions.....  | 0                         | 138                                     |
| Disposals.....  | -64                       | -23                                     |
| <b>Cost at 31 December 2023.....</b>                              | <b>1,222</b>              | <b>244</b>                              |
| Depreciation and impairment losses at 1 January 2023.....         | 935                       |   |
| Reversal of depreciation of assets disposed of.....               | -32                       |   |
| Depreciation for the year.....                                    | 124                       |   |
| <b>Depreciation and impairment losses at 31 December 2023....</b> | <b>1,027</b>              |   |
| <b>Carrying amount at 31 December 2023.....</b>                   | <b>195</b>                | <b>244</b>                              |

**Financial non-current assets**

9

|   | Investments in<br>subsidiaries | Other<br>investments | Rent deposit and<br>other receivables |
|---|--------------------------------|----------------------|---------------------------------------|
| Cost at 1 January 2023.....                     | 5,403                          | 2                    | 536                                   |
| Exchange adjustment at closing rate.....        | -2                             | 0                    | 0                                     |
| Additions.....                                  | 0                              | 0                    | 6                                     |
| Disposals.....                                  | 0                              | 0                    | -384                                  |
| <b>Cost at 31 December 2023.....</b>            | <b>5,401</b>                   | <b>2</b>             | <b>158</b>                            |
| <b>Carrying amount at 31 December 2023.....</b> | <b>5,401</b>                   | <b>2</b>             | <b>158</b>                            |

**Investments in subsidiaries**

| Name and domicil  | Ownership |
|---|-----------|
| Polytech Wind Power Technology (Wuxi) CO., Ltd. , China ..... | 100 %     |
| PolyTech Wind Power Technology Inc., USA.....                 | 100 %     |
| PolyTech Test & Validation (Sheyan) Co., LTD, China .....     | 100 %     |

## NOTES

|  | 2023<br>EUR '000 | 2022<br>EUR '000 | Note      |
|--|------------------|------------------|-----------|
|  | 2023<br>EUR '000 | 2022<br>EUR '000 |           |
| <b>Contract work in progress</b>   |                  |                  | <b>10</b> |
| Sales value of completed work.....   | 560              | 540              |           |
| Progress invoicing/advances received.....  | -466             | -251             |           |
| <b>Contract work in progress, net.....</b>   | <b>94</b>        | <b>289</b>       |           |
| Contract work in progress (asset).....   | 94               | 289              |           |
|  | <b>94</b>        | <b>289</b>       |           |
| <b>Deferred tax assets</b>   |                  |                  | <b>11</b> |
| Deferred tax assets relates to intangible assets, property, plant and equipment, inventories, other provisions and tax loss carryforwards.   |                  |                  |           |
| Deferred tax, beginning of year.....   | 5                | 258              |           |
| Deferred tax of the year, income statement.....  | 65               | 33               |           |
| Addition through business combinations.....  | 0                | -286             |           |
| <b>Deferred tax assets 31 December 2023.....</b>   | <b>70</b>        | <b>5</b>         |           |
| Recognised deferred tax assets is the net amount of tax loss carryforwards and differences between the carrying amount and the tax base primarily on intangible assets and inventories. Tax loss carryforwards is recognised with the amount that is expected to be utilised by the company and jointly taxed companies for the following 3-4 years. |                  |                  |           |
| <b>Prepayments</b>   |                  |                  | <b>12</b> |
| Insurances.....  | 72               | 26               |           |
| Costs.....   | 17               | 40               |           |
|  | <b>89</b>        | <b>66</b>        |           |
| Prepayments consists of prepaid rent and insurance etc.  |                  |                  |           |
|  | 2023<br>EUR '000 | 2022<br>EUR '000 |           |
| <b>Share Capital</b>   |                  |                  | <b>13</b> |
| Allocation of share capital:   |                  |                  |           |
| Share capital, 6,000,000 unit in the denomination of 1 DKK.....  | 806              | 806              |           |
|  | <b>806</b>       | <b>806</b>       |           |

## NOTES

|  | <b>Note</b> |
|--|-------------|
| <b>Contingencies etc.</b>  | <b>14</b>   |
| <p><b>Contingent liabilities</b><br/>Liabilities under rental or lease agreements until maturity constitutes of TEUR 501.</p> <p><b>Joint liabilities</b><br/>The Company is jointly and severally liable together with the Parent Company and the other group companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes, such as dividend tax, etc.</p> <p>Tax payable on the Group's joint taxable income is stated in the annual report of Polytech Group ApS, which serves as management Company for the joint taxation. In Q1 the Company was included in a joint taxation with VC VII Jupiter Holding ApS.</p> |             |
| <b>Charges and securities</b>  | <b>15</b>   |
| The entity has secured its parent company's commitment with GLAS Trust Corporation Limited through a registered company charge of TEUR 25,842 nominal. The registered company charge includes goodwill, property, plant and equipment and inventories. The carrying amount of pledged assets amounts to TEUR 27,181.   |             |
| <b>Related parties</b>   | <b>16</b>   |
| The Company's related parties include:   |             |
| <p><b>Controlling interest</b><br/>Polytech Group ApS, Bramming, Denmark (Parent company)<br/>Euros BidCo AB, Stockholm, Sweden (Parent company of Polytech Group ApS)<br/>Euros HoldCo AB, Stockholm, Sweden (Parent company of Euros BidCo AB)</p>   |             |
| <b>Transactions with related parties</b>   |             |
| Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.   |             |
| <b>Consolidated Financial Statements</b>   | <b>17</b>   |
| Name and registered office of the Parent preparing consolidated financial statements for the largest group: Euros HoldCo AB, Stockholm, Sweden.  |             |
| Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Euros HoldCo AB, Stockholm, Sweden.   |             |
| Copies of the consolidated financial statements of Euros HoldCo AB may be ordered at the following address: <a href="http://www.cvr.dk">www.cvr.dk</a> in addition to the financial statement of Polytech A/S, reg. no. 17736590.  |             |

## ACCOUNTING POLICIES

The Annual Report of Polytech A/S for 2023 has been presented in accordance with the provisions of the Financial Statements Act for Danish large-size enterprises in reporting class C .

The Annual Report is prepared consistently with the accounting principles applied last year.

The Annual Report is presented in Euros at a EUR/DKK rate of 7.45 (2022: 7.45)

### Consolidated Financial Statements

Consolidated Financial Statements have not been prepared because the group fulfils the exemption provisions of section 112 of the Danish Financial Statements Act on sub-groups. The Company is included in the consolidated Financial Statements of Euros HoldCo AB, Stockholm, Sweden.

## INCOME STATEMENT

### Net revenue

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

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Other operating income

Other operating income includes items of a secondary nature in relation to the enterprises' principal activities, including profit from sale of intangible and tangible assets, operating loss and conflict compensations, as well as salary refunds. Compensations are recognised when the income is estimated to be realisable.

### Other operating expenses

Other operating expenses include items of a secondary nature in relation to the Group's and the Company's activities. Losses from sale of intangible and tangible fixed assets are also included.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

### Work performed by the entity and capitalised

Work performed by entity and capitalised comprises staff costs and other costs incurred in the financial year and recognised in cost for proprietary intangible assets and property, plant and equipment.

### Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

## ACCOUNTING POLICIES

### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Payments related to operating lease expenses and other lease agreements are recognised in the Income Statement over the contract period. The Company's total liability concerning operating and other lease agreements are stated under contingencies, etc.

### Staff costs

Staff costs comprise wages and salaries, including holiday pay and pensions, and other costs of social security etc., for the Company's employees.

### Income from investments in subsidiaries

Dividend from subsidiaries is recognised in the financial year in which the dividend is declared. In connection with transfers, potential profits are recognised when the economic rights related to the sold equity interests are transferred, however, at the earliest when the profit has been realised or is regarded as realisable. Moreover, realised losses other than impairments are included where identified.

### Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from securities, debt and transactions in foreign currencies, as well as charges and allowances under the tax-on-account scheme, etc. Financial income and expenses are recognised by the amounts that relate to the financial year. Interest income and expenses are calculated on amortised cost prices.

Interest and other costs of borrowing for financing of manufacture of current assets and fixed assets are not recognised in the cost price.

### Tax

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the share that may be attributed to the profit for the year, and is recognised directly in equity by the share that may be attributed to entries directly to equity.

## BALANCE SHEET

### Intangible fixed assets

#### *Goodwill*

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 7-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.



## ACCOUNTING POLICIES

### *Intellectual property rights etc.*

Intellectual property rights etc comprise development projects completed and in progress with related intellectual property rights and acquired intellectual property rights such as patents, licenses and software.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity in the reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each project.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation period used is 5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised over the term of the agreement. The amortisation periods used are 3-20 years. Software is amortised over 3-4 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Tangible fixed assets**

Production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value:

|  | Useful life | Residual value |
|--|-------------|----------------|
| Other investment assets.....             | 3-10 years  | 0-50 %         |
| Other plant, fixtures and equipment..... | 3-10 years  | 0-50 %         |
| Leasehold improvements.....              | 5-10 years  | 0-50 %         |

Profit or loss on sale of tangible fixed assets is stated as the difference between the sales price less selling costs and the carrying amount at the date of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

## ACCOUNTING POLICIES

### Lease contracts

Lease contracts relating to tangible fixed assets for which the Company bears all material risks and benefits attached to the ownership (finance lease, see IAS 17) are recognised as assets in the Balance Sheet. The assets are at the initial recognition measured at the lower of cost stated at fair value and the and present value of the future lease payments. The internal interest rate of the lease contract, or alternatively the Company's loan interest, is used as discounting factor when calculating the present value. Finance lease assets are hereafter treated as the Group's and the Company's other similar tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the contract period.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the contract period. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

### Financial non-current assets

Investments in subsidiaries are measured at cost. If the cost exceeds the net realisable value, this is written down to the lower value.

Deposits include rental deposits which are recognised and measured at cost. Deposits are not depreciated.

Other receivables are measured at amortised cost which usually corresponds to the nominal amount. The amount is written down to meet expected losses.

### Impairment of fixed assets

The carrying amount of intangible fixed and tangible assets together with fixed assets, which are not measured at fair value, are assessed annually for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the recoverable amount is lower than the carrying amount, the asset is written down to the recoverable amount.

The recoverable amount is calculated at the higher of the capital value and the sales value less expected costs of a sale. The capital value is determined as the Company's share in the current value of the net cash flows which the subsidiary is expected to generate through its activities and from sale of assets after the end of their useful lives. A discount rate is used which reflects the risk-free market rate and the owners' minimum return on interest requirements for similar assets. The growth rate in the terminal period is determined in accordance with the standards within the industry.

## ACCOUNTING POLICIES

### Inventories

Inventories are measured at cost using the FIFO-principle. If the net realisable amount is lower than cost, the inventories are written down to the lower amount.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct payroll cost and other direct and other indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, the cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at the expected sales price less direct completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price of the inventories.

### Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Write-off is performed to provide for losses when an objective indication has been assessed to have incurred that a receivable or a portfolio of receivables are impaired. If there is an objective indication that an individual receivable is impaired, the write-off is performed at individual level.

Receivables for which there are no objective indication of impairment at individual level are assessed at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' registered office and credit rating in accordance with the Company's policy for credit risk management. The objective indicators, which are applied for portfolios, are determined based on the historical loss experiences.

Write-off is determined as the difference between the carrying amount of receivables and the present value of the expected cash flows, including realisable value of any received collaterals. The effective interest rate is used as discount rate for the single receivable or portfolio.

### Contract work in progress

Work in progress on contract is measured at the sales value of the work performed. The sales value is measured on the basis of the degree of completion on the Balance Sheet date and the total anticipated revenue related to the specific piece of work in progress. The stage of completion is determined based on an assessment of the work performed, usually calculated as the relation between the costs incurred and the total expected costs for the contract in question.

The specific piece of work in progress is recognised in the Balance Sheet as receivables or payables, depending on the net value of the selling price less progress invoicing and progress payments.

Costs relating to sales work and obtaining of contracts are recognised in the Income Statement as and when they are incurred.

### Prepayments & other receivables

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

### Cash and cash equivalents

Cash and cash equivalents include cash at bank.

## ACCOUNTING POLICIES

### Equity

#### Reserve for development costs

The reserve includes recognised post-tax development costs, which are capitalised as intangible assets. The reserve is reduced concurrently with depreciation of the intangible asset and is dissolved if the asset is discontinued from the operation of the company. Reduction of the reserve takes place via transferring directly to the distributable reserves of the equity.

#### Fair value reserve for foreign currency translation

The reserve includes a share of foreign currency translation adjustments arisen at translation of the financial statements of entities with another functional currency than Danish Kroner as well as foreign currency translation adjustments regarding assets and liabilities which constitute a share of the company's net investments in such entities. The reserve is dissolved by disposal of foreign entities. In the parent company where investments in subsidiaries, associates and equity investments are subject to the requirement of limitation of the reserve according to equity method, foreign currency translation adjustments will instead be included in the reserve according to the equity method.

### Other provisions for liabilities

Other provisions for liabilities include the expected cost of warranty commitments, loss on work in progress, restructurings etc. and deferred tax.

Warranty commitments include liabilities for improvement of work within the warranty period of 1 to 5 years. The provision for liabilities is measured and recognised on the basis of experience with warranty work.

When it is likely that the total costs will exceed the total income on the contract work in progress, a provision is made for the total loss that is anticipated on the contract.

### Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the Balance Sheet as the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The Company is subject to joint taxation with Danish Group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the Balance Sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carryforwards, are measured at the amount at which the asset is expected to be used within a reasonable number of years, either by setoff against tax on future earnings or by setoff against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the Balance Sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in the deferred tax resulting from changes in tax rates, are recognised in the income statement, except from items recognised directly in equity.

### Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less transaction costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalised value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the loan period.

The amortised cost of current liabilities corresponds usually to the nominal value.

## ACCOUNTING POLICIES

### Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

Receivables, payables and other monetary items in foreign currencies that are not settled on the Balance Sheet date are translated at the exchange rate on the Balance Sheet date. The difference between the exchange rate on the Balance Sheet date and the exchange rate at the date when the receivables or payables come into existence recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

### CASH FLOW STATEMENT

With reference to Section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement. A cash flow statement has been prepared for the Group.