PCH Engineering A/S

Ved Klædebo 4, DK-2970 Hørsholm

Annual Report for 1 January - 31 December 2023

CVR No 20 89 13 86

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/4 2024

Allan Gabriel Zandberg
Chair of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of PCH Engineering A/S for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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

Hørsholm, 22 April 2024

Executive Board

Mauricio Fernando Quintana
CEO

Board of Directors

Bjørn Reinhardt Mogensen Chair	Allan Gabriel Zandberg	Mauricio Fernando Quintana

Independent Auditor’s Report

To the Shareholder of PCH Engineering 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 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.

We have audited the Financial Statements of PCH Engineering A/S for the financial year 1 January - 31 December 2023, 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.

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 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.

Hellerup, 22 April 2024
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

Thomas Bernth Jensen
State Authorised Public Accountant
mne47814

Company Information

The Company	PCH Engineering A/S Ved Klædebo 4 DK-2970 Hørsholm CVR No: 20 89 13 86 Financial period: 1 January - 31 December Municipality of reg. office: Hørsholm
Board of Directors	Bjørn Reinhardt Mogensen, Chair Allan Gabriel Zandberg Mauricio Fernando Quintana
Executive Board	Mauricio Fernando Quintana
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Income Statement 1 January - 31 December

	Note	2023	2022
		kDKK	kDKK
Gross profit/loss		**35.835**	**52.789**
Staff expenses	2	-22.376	-19.874
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-5.010	-5.658
Other operating expenses		26	-6
Profit/loss before financial income and expenses		**8.475**	**27.251**
Financial income	3	2.626	759
Financial expenses	4	-291	-381
Profit/loss before tax		**10.810**	**27.629**
Tax on profit/loss for the year	5	-2.442	-6.177
Net profit/loss for the year		**8.368**	**21.452**

Distribution of profit

Proposed distribution of profit

	2023	2022
Proposed dividend for the year	12.000	20.000
Retained earnings	-3.632	1.452
	8.368	**21.452**

Balance Sheet 31 December

Assets

	Note	2023	2022
		kDKK	kDKK
Completed development projects		7.519	11.947
Intangible assets	6	**7.519**	**11.947**
Land and buildings		6.181	6.501
Other fixtures and fittings, tools and equipment		757	832
Property, plant and equipment	7	**6.938**	**7.333**
Fixed assets		**14.457**	**19.280**
Raw materials and consumables		21.459	12.185
Inventories		**21.459**	**12.185**
Trade receivables		19.874	21.771
Receivables from group enterprises		57.684	38.651
Other receivables		1.091	580
Deferred tax asset	8	1.486	0
Prepayments		39	68
Receivables		**80.174**	**61.070**
Cash at bank and in hand		**39**	**20.669**
Currents assets		**101.672**	**93.924**
Assets		**116.129**	**113.204**

Balance Sheet 31 December

Liabilities and equity

	Note	2023	2022
		kDKK	kDKK
Share capital	9	1.065	1.065
Reserve for development costs		5.865	9.319
Retained earnings		64.569	64.747
Proposed dividend for the year		12.000	20.000
Equity		**83.499**	**95.131**
Provision for deferred tax	8	0	2.402
Other provisions		14.181	1.022
Provisions		**14.181**	**3.424**
Trade payables		8.897	2.880
Payables to group enterprises		0	3.730
Corporation tax		6.330	6.104
Other payables		3.222	1.935
Short-term debt		**18.449**	**14.649**
Debt		**18.449**	**14.649**
Liabilities and equity		**116.129**	**113.204**
Key activities	1		
Contingent assets, liabilities and other financial obligations	10		
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Statement of Changes in Equity

	Share capital	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	1.064	9.319	61.126	20.000	91.509
Net effect from merger	1	0	3.621	0	3.622
Adjusted equity at 1 January	1.065	9.319	64.747	20.000	95.131
Ordinary dividend paid	0	0	0	-20.000	-20.000
Depreciation, amortisation and impairment for the year	0	-3.454	3.454	0	0
Net profit/loss for the year	0	0	-3.632	12.000	8.368
Equity at 31 December	**1.065**	**5.865**	**64.569**	**12.000**	**83.499**

Notes to the Financial Statements

1 Key activities

The Company's key activity is development, production and sale of monitoring solutions.

2 Staff expenses

	2023	2022
	kDKK	kDKK
Wages and salaries	19.998	18.006
Pensions	1.622	1.319
Other social security expenses	201	244
Other staff expenses	555	305
	22.376	**19.874**
Average number of employees	**31**	**30**

3 Financial income

	2023	2022
Interest received from group enterprises	1.371	712
Other financial income	1.220	47
Exchange adjustments	35	0
	2.626	**759**

4 Financial expenses

	2023	2022
Other financial expenses	291	293
Exchange adjustments, expenses	0	88
	291	**381**

5 Tax on profit/loss for the year

	2023	2022
Current tax for the year	6.330	6.104
Deferred tax for the year	-3.888	13
Adjustment of tax concerning previous years	0	-896
Adjustment of deferred tax concerning previous years	0	956
	2.442	**6.177**

Notes to the Financial Statements

6 Intangible assets

	Completed development projects
	kDKK
Cost at 1 January	40.370
Cost at 31 December	40.370
Impairment losses and amortisation at 1 January	28.423
Amortisation for the year	4.428
Impairment losses and amortisation at 31 December	32.851
Carrying amount at 31 December	**7.519**

Development activities comprise internal salaries as well as purchased goods and consultancy services. The development projects serve as a basis for forward-looking product deliveries to the company's customers.

7 Property, plant and equipment

	Land and buildings	Other fixtures and fittings, tools and equipment
	kDKK	kDKK
Cost at 1 January	10.343	2.818
Additions for the year	0	188
Disposals for the year	0	-1.523
Cost at 31 December	10.343	1.483
Impairment losses and depreciation at 1 January	3.842	1.986
Depreciation for the year	320	261
Impairment and depreciation of sold assets for the year	0	-1.521
Impairment losses and depreciation at 31 December	4.162	726
Carrying amount at 31 December	**6.181**	**757**

Notes to the Financial Statements

	2023	2022
	kDKK	kDKK

8 Deferred tax asset

	2023 kDKK	2022 kDKK
Deferred tax asset at 1 January	-2.402	-1.433
Amounts recognised in the income statement for the year	3.888	-969
Deferred tax asset at 31 December	**1.486**	**-2.402**

The deferred tax asset is expected to be utilised within the next five years.

9 Share capital

The share capital consists of 1.065 shares of a nominal value of kDKK 1.000. No shares carry any special rights.

10 Contingent assets, liabilities and other financial obligations

Other contingent liabilities

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

11 Related parties

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:

Name	Place of registered office
KK Wind Solutions Holding A/S, business registration no. 39 06 70 48	Ikast, Denmark

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of PCH Engineering A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in kDKK.

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.

Business combinations

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Notes to the Financial Statements

12 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences 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. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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

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

Income Statement

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

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

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, work on own account recognised in assets, expenses for raw materials and consumables and other external expenses.

Notes to the Financial Statements

12 Accounting Policies (continued)

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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.

Financial income and expenses

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

Tax on profit/loss for the year

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

The Company is jointly taxed with A.P. MØLLER HOLDING A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Development projects, patents and licences

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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

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

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

Property, plant and equipment

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.

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

The residual values of production buildings is determined at 2.339 kDKK.

The residual value of other fixed assets is 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 are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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

Inventories

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

Notes to the Financial Statements

12 Accounting Policies (continued)

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of raw materials and consumables equals landed cost.

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.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

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 provisions for expected liabilities on delivered products and liability settlements related to purchase obligations for obsolete goods.

Deferred tax assets and liabilities

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

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

Notes to the Financial Statements

12 Accounting Policies (continued)

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

Current tax receivables and liabilities

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

Financial debts

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