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# *ICEpower A/S*

Vandtårnsvej 62 A, 3. B., DK-2860 Søborg

Annual Report for  
1 June 2023 - 31 May 2024

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CVR No. 25 05 35 91

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 7/10 2024

Andrey Panna  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ICEpower A/S for the financial year 1 June 2023 - 31 May 2024.

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 May 2024 of the Company and of the results of the Company operations for 2023/24.

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

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

Copenhagen, 7 October 2024

## Executive Board

Keld Lindegaard Andersen  
CEO

## Board of Directors

Andrey Panna  
Chairman

Ronnie Møller-Thorsøe

Jan Alexander de Wolff

# Independent Auditor's report

To the shareholder of ICEpower A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 May 2024 and of the results of the Company's operations for the financial year 1 June 2023 - 31 May 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of ICEpower A/S for the financial year 1 June 2023 - 31 May 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

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

## Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 7 October 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Niels Henrik B. Mikkelsen  
State Authorised Public Accountant  
mne16675

Martin Birch  
State Authorised Public Accountant  
mne42825

## Company information

<b>The Company</b>	ICEpower A/S Vandtårnsvej 62 A, 3. B. DK-2860 Søborg  CVR No: 25 05 35 91 Financial period: 1 June 2023 - 31 May 2024 Municipality of reg. office: Gladsaxe
<b>Board of Directors</b>	Andrey Panna, chairman Ronnie Møller-Thorsøe Jan Alexander de Wolff
<b>Executive Board</b>	Keld Lindegaard Andersen
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

## Financial Highlights

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

	2023/24	2022/23	2021/22	2020/21	2019/20
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit	98,505	136,997	112,456	67,980	67,321
Profit/loss of primary operations	-4,624	53,649	39,079	4,555	13,719
Profit/loss of financial income and expenses	-8,498	-12,630	-6,109	4,082	-3,680
Net profit/loss for the year	-9,934	32,805	27,349	8,657	8,160
<b>Balance sheet</b>					
Balance sheet total	239,681	229,017	153,474	122,157	119,082
Investment in property, plant and equipment	1,886	3,046	5,019	2,405	3,145
Equity	136,902	105,360	68,319	55,181	52,725
Number of employees	103	93	77	52	45
<b>Ratios</b>					
Return on assets	-1.9%	23.4%	25.5%	3.7%	11.5%
Solvency ratio	57.1%	46.0%	44.5%	45.2%	44.3%
Return on equity	-8.2%	37.8%	44.3%	16.0%	14.3%

# Management's review

## Key activities

ICEpower aspires “to become the preferred partner for outsourced product creation to the leaders of the audio industry”.

Originally, ICEpower was focused on supply of parts such as amplification modules and switch mode power supplies for the **audio industry**. Over the past 8 years ICEpower has developed into a developer and manufacturer of turnkey products (finished goods) and customized electronic solutions to the audio industry including mechanics, software, analog, and digital hardware.

1. ICEpower serves the entire audio industry with audio products. The Audio Products are off-the-shelf products ready made for implementation for all audio segments and all audio applications from consumer, automotive to professional use.
2. In addition, ICEpower focuses its **turnkey business** on 3 core application segments
  - a.- **Home Automation** audio equipment incl. cinema rack amps,
  - b. Audio equipment for **Commercial, Corporate and Educational installations**
  - c. Audio equipment for **PRO audio**, incl. **rack equipment and backplates** for powered speakers for both **touring and fixed installation**.

This means that ICEpower is a **project-focused company** that *also* has a **large portfolio of audio products** for the wider market.

**Turnkey solutions** are products developed for a specific customer, and include turnkey products, custom designs and speaker backplates.

**Audio products** are off-the-shelf products, and include amplifier power modules, audio integrated circuits (IC) and power supplies.

Among its peers, ICEpower is the only manufacturer offering solutions to the audio industry based on own ASIC development, and ICEpower is the only developer that possess and masters all amplification and power supply technologies, all feedback technologies, all diagnostics and monitoring, complete mastery of continuous and short-term power capabilities, DSP, software, and network technologies incl. AVB, Dante and others.

ICEpower capabilities include both “simple” products, where all interconnects are analog as well as highly feature-rich digital products incorporating elements such as streaming audio and control over a network connection (e. g. Dante, Milan, or proprietary protocols), Advanced DSP, GUI Control, Hosted webservers and displays.

With app. 103 employees in the center of Copenhagen, Denmark, ICEpower has one of the largest teams of power electronics engineers at one location in the world and is a global R&D center of excellence within audio electronics.

The mission of ICEpower is “**through engineering excellence and close partnering, ICEpower offers customers the highest quality and performance audio products at the best price in the market**”.

ICEpower has been able to prove this concrete offer to turnkey customers during several years in which engineering excellence has proven better audio performance, improved sustainability and competitive pricing compared to ICEpower’s main competitors, the customers themselves in combination with the Electronic Manufacturing Suppliers (EMS) in Asia.



# Management's review

## Development in the year

The world-wide electronic component shortage that lasted for app. 2 years finally came to an end early 2023. At that time all the POs that were placed upstream in the supply chain were executed. The POs in our industry were larger than earlier and in many cases with much longer horizon - procurement was often done 1-2 years in advance. For ICEpower it meant that we were able to deliver most of our POs to most of our customers during the spring of 2023.

During the autumn of 2023 several of our customers claimed to be overstocked and started cancelling orders and decreasing forecasts. All in all, it can be concluded that our customers had placed POs for more than they could sell and 3-4 of ICEpower's largest customers within audio for home automation and commercial installation became severely overstocked on their usual high-running products. The overstock is generally between 12-18 months for what reason our customers sell-out rates are closely followed.

At the same time, it seems that a recession within housing and construction as well as materials and hardware for such were hit by a recession. Analysts have explained this recession by an after-COVID rebalancing of economics spending. The explanation behind that is that during COVID both consumers and corporations were unable to spend their usual amounts on services and during the COVID-period consumers and corporations tended to spend considerably more on goods, buildings and electronics such as audio installations both for private, corporate, and commercial purposes.

During 2022/23 ICEpower continued to win several new projects - all contracted in Development and Supply Agreements for the coming years. While ICEpower during that period prepared for continuing the growth by investments in new projects for customers (with increasing project and people costs) ICEpower experienced a severe set-back. This set-back is reflected in the P&L for FY 23/24.

The set-back is not an individual ICEpower phenomenon. All audio companies with business within audio for home automation and commercial, educational, and corporate installations are affected. Audio for Live Sound, that is app. 15% of the ICEpower revenue, experienced a reverse impact as Live Sound were badly hit during COVID when everything closed, but regained strength - or returned to normal when the doors to cultural and recreational events opened again.

ICEpower has during this crisis decided to continue our large and largest ever investments in audio turnkey products for specific named well known brands in the audio industry. All these new product developments are contracted with certain minimum criteria and new products will enter the market during FY 24/25 through our customers.

ICEpower has not lost any customers during this period on the contrary ICEpower has retained all customers and increased the co-operation in a way that will result in several new contracts with the leaders of the 3 audio segments in which ICEpower operates. Also, although the audio industry within home automation and commercial installation have been and still are somewhat financially strained, ICEpower has not had any loss on debtors.

October 3rd, 2023 ICEpower entered an agreement with Crestline Investors, Inc. ("Crestline"), for an investment in a majority stake in the Company. Crestline, headquartered in the US, is an institutional alternative investment management firm with c. \$19 billion in assets under management.

Together with the management of ICEpower, also the former largest single shareholder of ICEpower, Dansk Ejerkapital continued with a minority shareholder position in ICEpower. In connection with this investment by Crestline, the existing shareholders injected 40 MDKK into ICEpower.

## Operating risks

The Company's revenue is primarily in USD and results in the Group being sensitive to fluctuations in the USD exchange rate. This is partially met with currency hedging.

# Management's review

## Targets and expectations for the year ahead

Our decision to continue ICEpower's investment in increasing market share, revenue and earnings however has a short-term negative influence on the P&L for FY 24/24. This trend is also expected for FY 24/25 although ICEpower expects an improved P&L for FY 24/25. ICEpower expects an EBIT close to zero.

Today ICEpower is working on turnkey solutions for several of the customers that ICEpower strategically has decided to and wish to work for. ICEpower can continuously state that - although delayed by derivative COVID circumstances, ICEpower has a pipeline of work in progress and potential new assignments that eventually will result in a revenue double of the FY 2022/23 revenue.

The Group has a solid cash position to fund the Group's organic growth and operations through the financial year 2024/25 and beyond.

## Sustainability - ICEpower's Environmental, Social and Governance practice

### Towards a sustainable ICEpower

At ICEpower we take great pride in our efforts toward a better environment, and a sustainable business. And we want to do it the right way.

ICEpower has created our first steps towards an ICEpower Policy Commitment covering social, environmental, and economic sustainability including our first (2022) social, environmental, and economic impact assessment. Our Due Diligence on ICEpower is available on request.

- A Sustainability Policy (available on [www.icepower.dk](http://www.icepower.dk))
- A Business Relationships (RBR) Code of Conduct (CoC) (available on [www.icepower.dk](http://www.icepower.dk))
- A Code of Conduct for Employees (CoC) (available on [www.icepower.dk](http://www.icepower.dk))
- Established operational grievance mechanisms in ICEpower (incl. a whistle-blower system)
- A Three-Year Implementation Plan for Sustainability

ICEpower will continue our focus towards Sustainability going forward and will implement over time further policies and systems to ultimately meet UNGP's requirements.

### Foreign Entities

Through subsidiaries, branches etc. the Group is represented in Sweden, Spain, USA, and Japan.

### Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

### Unusual events

The financial position on 31 May 2024 of the Company and the results of the activities of the Company for the financial year for 2023/24 have not been affected by any unusual events.

### Subsequent events

During July, 2024 all shareholders of ICEpower contributed to a capital injection of 48 MDKK to secure the cash needed during a period characterised by continued high investments in product development of products for leading audio brands while at the same time, the industry is suffering from overstock of certain products impacting the short-term revenue and profitability of ICEpower.

## Income statement 1 June 2023 - 31 May 2024

	Note	2023/24	2022/23
		TDKK	TDKK
<b>Gross profit</b>		<b>98,505</b>	<b>136,997</b>
Staff expenses	2	-72,509	-59,928
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-30,620	-23,420
<b>Profit/loss before financial income and expenses</b>		<b>-4,624</b>	<b>53,649</b>
Income from investments in subsidiaries	4	131	159
Financial income	5	1,871	1,426
Financial expenses	6	-10,500	-14,215
<b>Profit/loss before tax</b>		<b>-13,122</b>	<b>41,019</b>
Tax on profit/loss for the year	7	3,188	-8,214
<b>Net profit/loss for the year</b>	<b>8</b>	<b>-9,934</b>	<b>32,805</b>

# Balance sheet 31 May 2024

## Assets

	Note	2023/24	2022/23
		TDKK	TDKK
Completed development projects		68,791	50,290
Acquired licenses		205	509
Acquired other similar rights		0	0
Development projects in progress		74,829	55,872
<b>Intangible assets</b>	<b>9</b>	<b>143,825</b>	<b>106,671</b>
Plant and machinery		3,198	5,070
Other fixtures and fittings, tools and equipment		1,552	1,565
Leasehold improvements		2,922	2,875
<b>Property, plant and equipment</b>	<b>10</b>	<b>7,672</b>	<b>9,510</b>
Investments in subsidiaries	11	1,602	1,486
Deposits	12	1,310	1,004
<b>Fixed asset investments</b>		<b>2,912</b>	<b>2,490</b>
<b>Fixed assets</b>		<b>154,409</b>	<b>118,671</b>
Finished goods and goods for resale		54,273	27,833
<b>Inventories</b>		<b>54,273</b>	<b>27,833</b>
Trade receivables		22,386	76,218
Receivables from group enterprises		0	2,403
Other receivables		1,031	1,338
Corporation tax		5,720	220
Prepayments	13	1,458	2,334
<b>Receivables</b>		<b>30,595</b>	<b>82,513</b>
Cash at bank and in hand		<b>404</b>	<b>0</b>
<b>Current assets</b>		<b>85,272</b>	<b>110,346</b>
<b>Assets</b>		<b>239,681</b>	<b>229,017</b>

# Balance sheet 31 May 2024

## Liabilities and equity

	Note	2023/24	2022/23
		TDKK	TDKK
Share capital		1,940	1,940
Reserve for net revaluation under the equity method		1,461	1,345
Reserve for development costs		92,354	65,881
Reserve for hedging transactions		753	-738
Retained earnings		40,394	36,932
<b>Equity</b>		<b>136,902</b>	<b>105,360</b>
Provision for deferred tax	14	24,880	22,988
Other provisions	15	506	500
<b>Provisions</b>		<b>25,386</b>	<b>23,488</b>
Payables to group enterprises relating to corporation tax		0	2,775
Other payables		2,453	2,657
<b>Long-term debt</b>	16	<b>2,453</b>	<b>5,432</b>
Credit institutions		16,099	4,401
Trade payables		45,599	75,770
Payables to group enterprises		3,894	4,842
Deposits		792	684
Other payables	16	8,556	9,040
<b>Short-term debt</b>		<b>74,940</b>	<b>94,737</b>
<b>Debt</b>		<b>77,393</b>	<b>100,169</b>
<b>Liabilities and equity</b>		<b>239,681</b>	<b>229,017</b>
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	17		
Related parties	18		
Accounting Policies	19		

## Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 June	1,940	1,345	65,881	-738	36,932	105,360
Exchange adjustments	0	-15	0	0	0	-15
Contribution from group	0	0	0	0	40,000	40,000
Fair value adjustment of hedging instruments, beginning of year	0	0	0	1,911	0	1,911
Fair value adjustment of hedging instruments, end of year	0	0	0	-420	0	-420
Development costs for the year	0	0	47,451	0	-47,451	0
Depreciation, amortisation and impairment for the year	0	0	-20,978	0	20,978	0
Net profit/loss for the year	0	131	0	0	-10,065	-9,934
<b>Equity at 31 May</b>	<b>1,940</b>	<b>1,461</b>	<b>92,354</b>	<b>753</b>	<b>40,394</b>	<b>136,902</b>

# Notes to the Financial Statements

## 1. Subsequent events

In July 2024 liquidity of MDKK 48 has been added to the company as capital injection and the owners have committed to a further injection of MDKK 20.

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
<b>2. Staff Expenses</b>		
Wages and salaries	66,636	55,205
Pensions	5,072	4,031
Other social security expenses	801	692
	<u>72,509</u>	<u>59,928</u>
Including remuneration to the Executive Board and Board of Directors	<u>1,969</u>	<u>2,806</u>
Average number of employees	<u>103</u>	<u>93</u>

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
<b>3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment</b>		
Amortisation of intangible assets	26,896	20,154
Depreciation of property, plant and equipment	3,724	3,266
	<u>30,620</u>	<u>23,420</u>

	<u>2023/24</u>	<u>2022/23</u>
	TDKK	TDKK
<b>4. Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	131	159
	<u>131</u>	<u>159</u>

## Notes to the Financial Statements

	2023/24 TDKK	2022/23 TDKK
<b>5. Financial income</b>		
Other financial income	1,871	1,426
	<u>1,871</u>	<u>1,426</u>
	2023/24 TDKK	2022/23 TDKK
<b>6. Financial expenses</b>		
Other financial expenses	8,427	4,207
Exchange adjustments, expenses	2,073	10,008
	<u>10,500</u>	<u>14,215</u>
	2023/24 TDKK	2022/23 TDKK
<b>7. Income tax expense</b>		
Current tax for the year	-5,500	2,775
Deferred tax for the year	2,312	5,439
	<u>-3,188</u>	<u>8,214</u>
	2023/24 TDKK	2022/23 TDKK
<b>8. Profit allocation</b>		
Reserve for net revaluation under the equity method	131	159
Retained earnings	-10,065	32,646
	<u>-9,934</u>	<u>32,805</u>



## Notes to the Financial Statements

### 9. Intangible fixed assets

	Completed development projects	Acquired licenses	Acquired other similar rights	Develop- ment projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 June	207,901	3,784	1,533	55,872
Additions for the year	10,021	18	0	54,011
Transfers for the year	35,054	0	0	-35,054
Cost at 31 May	252,976	3,802	1,533	74,829
Impairment losses and amortisation at 1 June	157,611	3,275	1,533	0
Amortisation for the year	26,574	322	0	0
Impairment losses and amortisation at 31 May	184,185	3,597	1,533	0
<b>Carrying amount at 31 May</b>	<b>68,791</b>	<b>205</b>	<b>0</b>	<b>74,829</b>

The Company's development projects relate to development of new products, as well as continued development, improvements and upgrading of the Company's existing products.

The development, improvement and upgrading is completed on an ongoing basis and the projects are ready for use upon completion. The products form the basis of a large part of the Company's existing business, hence, there are markets and customers for the products. Projects in progress, consist of supplementary products as well as customer-specific products; hence, there is a market herefore.

The improvements and upgrades are expected to have lives of three to six years which are considered to reflect the useful lives.

The projects are progressing according to plan through the use of the resources allocated by Management to the development.

# Notes to the Financial Statements

## 10. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK
Cost at 1 June	15,842	8,544	5,979
Additions for the year	222	576	1,088
Cost at 31 May	<u>16,064</u>	<u>9,120</u>	<u>7,067</u>
Impairment losses and depreciation at 1 June	10,772	6,979	3,104
Depreciation for the year	2,094	589	1,041
Impairment losses and depreciation at 31 May	<u>12,866</u>	<u>7,568</u>	<u>4,145</u>
<b>Carrying amount at 31 May</b>	<b><u>3,198</u></b>	<b><u>1,552</u></b>	<b><u>2,922</u></b>
	<u>2023/24</u>	<u>2022/23</u>	
	TDKK	TDKK	

## 11. Investments in subsidiaries

Cost at 1 June	141	141
Cost at 31 May	<u>141</u>	<u>141</u>
Value adjustments at 1 June	1,345	1,184
Exchange adjustment	-15	2
Net profit/loss for the year	131	159
Value adjustments at 31 May	<u>1,461</u>	<u>1,345</u>
<b>Carrying amount at 31 May</b>	<b><u>1,602</u></b>	<b><u>1,486</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership and Votes
ICEpower USA	New Jersey	25.000 USD	100%

# Notes to the Financial Statements

## 12. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 June	1,004
Additions for the year	306
Cost at 31 May	<u>1,310</u>
<b>Carrying amount at 31 May</b>	<b><u>1,310</u></b>

## 13. Prepayments

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

	2023/24	2022/23
	TDKK	TDKK
<b>14. Provision for deferred tax</b>		
Deferred tax liabilities at 1 June	22,988	16,354
Amounts recognised in the income statement for the year	2,312	5,439
Amounts recognised in equity for the year	-420	1,195
Deferred tax liabilities at 31 May	<u>24,880</u>	<u>22,988</u>

## 15. Other provisions

The Company provides warranties of 1 to 5 years on some of its products and is therefore obliged to repair or replace goods which are not satisfactory. Based on previous experience in respect of the level of repairs and returns, other provisions of DKK 500k (2023: DKK 500k) have been recognised for expected warranty claims.

## Notes to the Financial Statements

2023/24	2022/23
TDKK	TDKK

### 16. Long-term debt

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

The debt falls due for payment as specified below:

#### Payables to group enterprises relating to corporation tax

Between 1 and 5 years	0	2,775
Long-term part	0	2,775
Within 1 year	0	0
	<b>0</b>	<b>2,775</b>

#### Other payables

After 5 years	0	0
Between 1 and 5 years	2,453	2,657
Long-term part	2,453	2,657
Other short-term payables	8,556	9,040
	<b>11,009</b>	<b>11,697</b>

2023/24	2022/23
TDKK	TDKK

### 17. Contingent assets, liabilities and other financial obligations

#### Charges and security

The following assets have been placed as security with mortgage credit institutes: For assurance of all accounts with Financial institute, credit facility totalling DKK 30,000k, are given floating charge in all assets except accounts receivables.

Financial institutes are given floating charge in accounts receivables totalling DKK 60,000k.

#### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,618	1,956
	<b>1,618</b>	<b>1,956</b>

# Notes to the Financial Statements

2023/24  
TDKK

2022/23  
TDKK

## 17. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The Danish 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 ICEpower Holding ApS and ICEpower Global Holding ApS, which is the management company of the joint taxation purposes. 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.

There are no further security and contingent liabilities at 31 May 2024, other than what is normal in the line of business.

## 18. Related parties and disclosure of consolidated financial statements

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

Name

Place of registered office

ICEpower Global Holding ApS

Copenhagen, Danmark

# Notes to the Financial Statements

## 19. Accounting policies

The Annual Report of ICEpower A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in TDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023/24 of ICEpower Global Holding ApS, the Company has not prepared consolidated financial statements.

### Cash flow statement

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

### Recognition and measurement

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.

### Leases

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

### Translation policies

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

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

### Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

# Notes to the Financial Statements

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

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

## 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 from license and royalty agreements is recognised as risks and rewards transfer during the course of the underlying agreement.

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 indirect production costs and expenses for premises, sales as well as office expenses, etc.

### Gross profit

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.

### 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.

### Income from investments in subsidiaries

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

### Financial income and expenses

Financial items include interest, amortization and allowance, fair value adjustments and realized and unrealized foreign exchange adjustments.

# Notes to the Financial Statements

## Tax on profit/loss for the year

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

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

The Company is jointly taxed with Danish group company. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 5 years.

Development projects are measured initially at cost. The cost of development projects comprises costs, including salaries and depreciation directly attributable to the development projects, which are necessary to complete the project, from the date when the development project first qualifies for recognition as an asset. Reimbursements and grants for development projects are deducted from the cost in line with the completion.

Completed development projects are amortised over the expected useful life. The amortisation period is normally 3 - 6 years. For development projects protected by intellectual property rights, the maximum amortisation period is the remaining term of the rights.

#### *Other intangible fixed assets*

An amount corresponding to the capitalised development projects in the Balance Sheet, which have been incurred after 1 January 2016, has been recognised under Equity as "Reserve for development costs". The reserve is reduced with amortisation of development projects.

### 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.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

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:

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	8-10 years
Leasehold improvements	3-10 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.



# Notes to the Financial Statements

## Impairment of fixed assets

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

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

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

## Investments in subsidiaries

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

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

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

## Other fixed asset investments

Other fixed asset investments consist of deposits.

## Inventories

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

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## Receivables

Receivables are recognised in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

## Prepayments

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

## Provisions

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

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

# Notes to the Financial Statements

## 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.

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

## Financial liabilities

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

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$