KK Wind Solutions A/S

Bøgildvej 3, DK-7430 Ikast

Annual Report for 1 January - 31 December 2023

CVR No 25 74 67 16

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/04 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 KK Wind Solutions 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.

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.

Ikast, 22 April 2024

Executive Board

Mauricio Fernando Quintana
CEO

Board of Directors

Bjørn Reinhardt Mogensen Chair	Mauricio Fernando Quintana	Allan Gabriel Zandberg

Independent Auditor’s Report

To the Shareholder of KK Wind Solutions 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 KK Wind Solutions 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.

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 Financials 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.

Independent Auditor's Report

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.

Independent Auditor's Report

- 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.

Aarhus, 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	KK Wind Solutions A/S Bøgildvej 3 DK-7430 Ikast CVR No: 25 74 67 16 Financial period: 1 January - 31 December Municipality of reg. office: Ikast-Brande
Board of Directors	Bjørn Reinhardt Mogensen, Chair Mauricio Fernando Quintana Allan Gabriel Zandberg
Executive Board	Mauricio Fernando Quintana
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

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

	2023	2022	2021	2020	2019
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Revenue	3.896.050	2.260.701	2.312.695	2.327.569	2.137.409
Gross profit/loss	582.254	301.707	438.583	378.699	302.744
Operating profit/loss	71.909	44.485	246.451	239.460	187.475
Net financials	-86.058	-14.164	-11.147	-5.839	-5.962
Net profit/loss for the year	-16.900	32.000	187.475	179.945	137.258
Balance sheet					
Balance sheet total	3.411.130	1.510.450	1.115.669	1.219.714	940.363
Equity	330.934	364.949	376.326	231.308	205.442
Investment in property, plant and equipment	7.377	53.300	6.837	8.010	8.509
Number of employees	523	226	220	173	149
Ratios					
Gross margin	14,9%	13,3%	19,0%	16,3%	14,2%
EBIT margin	1,8%	2,0%	10,5%	10,3%	9,7%
Net margin	-0,4%	0,2%	7,0%	10,3%	8,8%
Return on equity	-4,9%	8,6%	61,7%	82,4%	67,6%
Solvency ratio	9,7%	24,2%	33,7%	19,0%	21,8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

In the financial year 2023 the Company was part of a merger, as the continuing company. The Financial Highlights for 2023 and 2022 have been restated however comparative figures to 2019 - 2021 have not been restated.

Further, the Company was part of a merger, as the continuing company in 2022 where comparative figures for 2021 were updated.

Consequently, the financial numbers for 2023 and 2022 lack comparability with 2019 - 2021.

Management's Review

Key activities

KK Wind Solutions A/S is a market leading system manufacturer and developer of electromechanical systems and advanced technology solutions for on- and offshore wind turbines including full range services across supply chain, manufacturing, installation, operations and maintenance. With current year acquisition of Vestas' converter and control business, KK Wind Solutions A/S has strengthened its market position.

The activities are driven from the headquarters in Ikast, Denmark as well from the main sites in Stettin, Poland, Tianjin, China as well as Bangalore and Oragadam, India. The activities are supported by sales and engineering representation in all main markets.

During 2023, KK Wind Solutions A/S merged with both KK-Electronic Denmark ApS and KK Wind Solutions Service A/S with KK Wind Solutions A/S as the continuing part. The mergers have been completed under the pooling of interest method and the effect on equity as of 1 January 2023 is 68.618 kDKK.

Development in the year

During the year, the acquisition of Vestas' converter and controls business has been finalised.

In 2023, KK Wind Solutions A/S realised a revenue of 3.896 mDKK representing a 72% increase compared to 2022. The increase in revenue is affected by both the acquisition and the mergers mentioned above, and it is therefore not comparable to the expectations which were presented in the 2022 financial statement. The 2023 revenue in KK Wind Solutions A/S, if excluding the effect of both the acquisition and the mergers, increased by approximately 23% compared to the 2022 revenue, which is materially above the expectations presented in the 2022 Financial Statement.

KK Wind Solutions A/S realised a profit after tax of -17 mDKK compared to 32 mDKK in 2022, which is not in line with expectations. Profit before tax is negatively affected by expenses related to the acquisition of Vestas' converter and control business and by the increasing depreciations and amortisations resulting from the acquisition.

Despite the declining result, KK Wind Solutions A/S has, when taking the acquisition and the mergers into account, performed better than expected.

Risks

KK Wind Solutions A/S is handling risk management in its corporate functions. This includes ERM processes, internal controls and governance structures.

Management's Review

Operating risks

The Company's primary activities are within the Wind Industry which is characterised by few large Original Equipment Manufacturers (OEM's) of wind turbines. In recent years, KK Wind Solutions A/S has increased the customer and product portfolio including own developed technology to de-risk the business model and reduce the levelized cost of energy of customer products.

KK Wind Solutions A/S' products contain a number of electronic or mechanical components from pre-qualified suppliers who during the last few years have seen increasing material shortages. To reduce this risk, together with our customers and suppliers, the Company has expanded the list of alternative components, materials and pre-qualified suppliers as well as engaged in longer-term commitments.

KK Wind Solutions A/S has no specific risks besides what is common to the industry and the above mentioned operating risk.

Foreign exchange risks

KK Wind Solutions A/S operates in various international markets, exposing the Company to foreign exchange risks arising from fluctuations in currency exchange rates. These risks may impact the financial performance and cash flows.

The reporting currency for KK Wind Solutions A/S is DKK. The majority of the sales is in DKK and EUR. The primary currencies exposing KK Wind Solutions A/S to foreign exchange risk related to purchases include PLN, USD and CNY.

KK Wind Solutions A/S employs hedging strategies defined in the Financial Policy to mitigate the foreign exchange exposure which mainly include the use of forward contracts for a term up to one year. The currency exposure is continuously monitored and effectiveness of hedging strategies is evaluated to minimize potential risks.

The foreign exchange risk related to other currencies is considered low.

Interest rate risks

The company is exposed to a limited interest rate risk, as the company's mortgage loan has variable rates of interest.

The risk is monitored and hedging is applied when relevant.

Expectations for 2024

Due to a very strong order backlog, delivery of new products and a growing aftermarket business, KK Wind Solutions A/S expects a revenue between 3.900-4.200 mDKK representing a growth of 0-5% in 2024. Profit is expected to decline in 2024, as a consequence of increasing cost levels, depreciation and amortisation and as a result, the Company forecasts profit after tax to be in line with 2023.

Management's Review

Research and development

Development activities are carried out within the Company and in some cases in cooperation with a number of customers. Development activities both include improvements and changes to existing products as well as development of new products.

Intellectual capital resources

KK Wind Solutions A/S works with development, production and maintenance of advanced and reliable systems for wind turbines. This generates high demands for knowledge resources and innovation within key domains. The Company works dedicatedly on attracting, sustaining and developing employees that have leading edge knowledge within wind turbines and advanced electro-mechanical solutions. KK Wind Solutions A/S has defined key competency areas within Electrical Power, Data Driven Business and Integrated Supply Chain Networks being the lighthouses for training and development of our employees. The ambition is that employees are continuously trained via continued education and cooperation with universities, so that the most recent knowledge is constantly present in the organisation.

Statement on corporate social responsibility and on approach to data ethics, cf. sections 99a and 99d of the Danish Financial Statements Act

As a leading systems supplier to the renewable energy industry, KK Wind Solutions A/S recognises its responsibility to work actively with sustainability to benefit its customers, employees, and the societies in which it operates. Please refer to the ESG Report 2023, published on 22 April 2024 by KK Wind Solutions Holding A/S, CVR No. 39 06 70 48 regarding the Group's statement on corporate social responsibility and on the approach to data ethics, cf. sections 99a and 99d of the Danish Financial Statements Act:
(https://kkwindsolutions.com/Files/Files/Reports/ESG-Report-2023.pdf).

Management's Review

Statement on gender composition, cf. section 99b of the Danish Financial Statements Act

The workforce of the Group has a breakdown of approximately 65% males and 35% females. The industry has evolved to include more women and KK Wind Solutions A/S aim to increase their representation in the years to come.

To obtain even gender split, and a more welcoming and inclusive workplace. KK Wind Solutions A/S has created a Diversity and Inclusion policy, with a number of actions. This is active for all companies within the group and was started in 2023 with focus on a more inclusive way of hiring talent, mentorship and career support programs, cultural sensitivity, leadership engagement, and setting and reporting goals.

In connection with the composition of the Board of Directors, KK Wind Solutions A/S continuously works towards the ambition of having a more diverse gender composition.

During 2023, the opportunities of meeting the 2024 target of 33% representation of the underrepresented gender have been discussed and at the coming general assembly the Board of Directors will present a suggested change to deliver on the agreed target by securing representation of one female in the Board of Directors.

When it comes to Senior Management for KK Wind Solutions A/S, actions have been discussed and a target of a 20% representation of the underrepresented gender by 2027 has been decided. This is to reflect the Group target and with an ambition to add two females to the Senior Management group before the end of 2027.

Overview

	2023
Board of Directors[1]:	
Total number of members	3
Ratio of the underrepresented gender	0%
Target figure	33%
Target year	2024
Senior management[2]:	
Total number of members	7
Ratio of the underrepresented gender	0%
Target figure	20%
Target year	2027

[1] Board of Directors is reported at the end of the reporting period. Information has been sourced from the Central Business Register (CVR) and any employee-elected members have been excluded from the calculation.

[2] Senior Management based on headcount at the end of the reporting period. Senior Management is defined with reference to the guidance on "Targets and policy for the gender composition of management and for reporting on this" published by the Danish Business Authority and include top management and their direct reports, where these reports manage reports in the reporting legal entity.

Management's Review

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 at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Income Statement 1 January - 31 December

	Note	2023 kDKK	2022 kDKK
Revenue	1	**3.896.050**	**2.260.701**
Cost of sales	2	-3.313.796	-1.958.994
Gross profit/loss		**582.254**	**301.707**
Distribution expenses	2	-179.989	-72.135
Development expenditure	2	-139.513	-66.740
Administrative expenses	2	-190.843	-118.347
Operating profit/loss		**71.909**	**44.485**
Other operating income		0	407
Other operating expenses		-887	-274
Profit/loss before financial income and expenses		**71.022**	**44.618**
Income from investments in subsidiaries		20.017	0
Financial income	3	40.607	3.900
Financial expenses	4	-146.682	-18.064
Profit/loss before tax		**-15.036**	**30.454**
Tax on profit/loss for the year	5	-1.864	1.546
Net profit/loss for the year		**-16.900**	**32.000**

Balance Sheet 31 December

Assets

	Note	2023	2022
		kDKK	kDKK
Completed development projects		93.361	67.387
Acquired intangible assets		903.751	46.474
Goodwill		271.978	0
Development projects in progress		68.906	90.335
Intangible assets	6	**1.337.996**	**204.196**
Land and buildings		163.660	52.800
Plant and machinery		73.912	3.198
Other fixtures and fittings, tools and equipment		24.154	12.262
Property, plant and equipment in progress		3.843	0
Property, plant and equipment	7	**265.569**	**68.260**
Investments in subsidiaries	8	186	336
Receivables from group enterprises	9	17.625	20.657
Other investments	9	12	1
Deposits	9	351	5
Fixed asset investments		**18.174**	**20.999**
Fixed assets		**1.621.739**	**293.455**
Inventories	10	**1.118.651**	**503.565**
Trade receivables		255.166	284.998
Contract work in progress	11	10.428	6.395
Receivables from group enterprises		166.611	246.132
Other receivables	17	33.439	27.662
Corporation tax		32.005	5.341
Prepayments	12	15.050	35.772
Receivables		**512.699**	**606.300**
Cash at bank and in hand		**158.041**	**107.130**
Currents assets		**1.789.391**	**1.216.995**
Assets		**3.411.130**	**1.510.450**

Balance Sheet 31 December

Liabilities and equity

	Note	2023	2022
		kDKK	kDKK
Share capital		5.200	5.200
Reserve for development costs		126.568	119.077
Reserve for hedging transactions		5.997	3.112
Retained earnings		193.169	217.560
Proposed dividend for the year		0	20.000
Equity		**330.934**	**364.949**
Provision for deferred tax	14	63.088	36.827
Other provisions	15	54.785	42.670
Provisions		**117.873**	**79.497**
Mortgage loans		26.251	27.692
Lease obligations		0	297
Long-term debt	16	**26.251**	**27.989**
Mortgage loans	16	1.240	1.133
Lease obligations	16	298	488
Prepayments received from customers		376	8.650
Trade payables		1.008.079	498.037
Contract work in progress, liabilities	11	20.091	10.065
Payables to group enterprises		1.834.594	435.464
Other payables		68.545	37.154
Deferred income		2.849	47.024
Short-term debt		**2.936.072**	**1.038.015**
Debt		**2.962.323**	**1.066.004**
Liabilities and equity		**3.411.130**	**1.510.450**
Distribution of profit	13		
Contingent assets, liabilities and other financial obligations	18		
Subsequent events	19		
Related parties	20		
Accounting Policies	21		

Statement of Changes in Equity

	Share capital	Reserve for development costs	Reserve for hedging transactions	Retained earnings	Proposed dividend for the year	Total
	kDKK	kDKK	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	5.100	118.669	3.112	169.450	0	296.331
Net effect from merger	100	408	0	48.110	20.000	68.618
Adjusted equity at 1 January	5.200	119.077	3.112	217.560	20.000	364.949
Ordinary dividend paid	0	0	0	0	-20.000	-20.000
Fair value adjustment of hedging instruments, end of year	0	0	3.699	0	0	3.699
Tax on adjustment of hedging instruments for the year	0	0	-814	0	0	-814
Development costs for the year	0	45.664	0	-45.664	0	0
Depreciation, amortisation and impairment for the year	0	-38.173	0	38.173	0	0
Net profit/loss for the year	0	0	0	-16.900	0	-16.900
Equity at 31 December	**5.200**	**126.568**	**5.997**	**193.169**	**0**	**330.934**

Notes to the Financial Statements

		2023	2022
		kDKK	kDKK
1	**Revenue**		
	Geographical segments		
	Asia	201.139	117.195
	Europe	3.597.283	2.063.488
	North America	63.267	41.445
	Other	34.361	38.573
		3.896.050	**2.260.701**
2	**Staff**		
	Wages and Salaries	355.452	181.828
	Pensions	27.516	12.155
	Other social security expenses	4.522	3.402
		387.490	**197.385**
	Average number of employees	**523**	**226**

The Board of Directors has not received any remuneration.

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

A.P. Møller Holding A/S has introduced a cash-settled co-investment programme which is determined by the development in the value creation of KK Wind Solutions Group. The Board of Directors and the Executive Board are part of the programme. The purchase price corresponds to fair value for the shares on the grant day.

Notes to the Financial Statements

		2023	2022
		kDKK	kDKK
3	**Financial income**		
	Interest received from group enterprises	1.875	2.746
	Other financial income	22.007	1.154
	Exchange gains	16.725	0
		40.607	**3.900**
4	**Financial expenses**		
	Interest paid to group enterprises	94.271	2.960
	Other financial expenses	52.411	12.710
	Exchange loss	0	2.394
		146.682	**18.064**
5	**Tax on profit/loss for the year**		
	Current tax for the year	-32.006	-4.474
	Deferred tax for the year	26.423	14.227
	Adjustment of tax concerning previous years	8.423	-17.411
	Adjustment of deferred tax concerning previous years	-162	7.960
		2.678	**302**
	which breaks down as follows:		
	Tax on profit/loss for the year	1.864	-1.546
	Tax on changes in equity	814	1.848
		2.678	**302**

Notes to the Financial Statements

6 Intangible assets

	Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress
	kDKK	kDKK	kDKK	kDKK
Cost at 1 January	121.581	49.324	12.500	90.335
Additions for the year - business combination	0	912.647	296.800	0
Additions for the year	0	0	0	55.524
Disposals for the year	-2.039	0	0	0
Transfers for the year	76.953	0	0	-76.953
Cost at 31 December	196.495	961.971	309.300	68.906
Impairment losses and amortisation at 1 January	54.194	2.850	12.500	0
Amortisation for the year	50.238	55.370	24.822	0
Impairment and amortisation of sold assets for the year	-1.298	0	0	0
Impairment losses and amortisation at 31 December	103.134	58.220	37.322	0
Carrying amount at 31 December	**93.361**	**903.751**	**271.978**	**68.906**

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.

Notes to the Financial Statements

7 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress
	kDKK	kDKK	kDKK	kDKK
Cost at 1 January	56.150	16.221	107.467	0
Additions for the year - business combination	119.213	87.862	24.066	890
Additions for the year	717	139	3.568	2.953
Disposals for the year	0	-2.554	-40.711	0
Cost at 31 December	176.080	101.668	94.390	3.843
Impairment losses and depreciation at 1 January	3.350	13.023	95.205	0
Depreciation for the year	9.070	17.148	14.689	0
Impairment and depreciation of sold assets for the year	0	-2.415	-39.658	0
Impairment losses and depreciation at 31 December	12.420	27.756	70.236	0
Carrying amount at 31 December	**163.660**	**73.912**	**24.154**	**3.843**
Including assets under finance leases amounting to	0	0	328	0

Notes to the Financial Statements

		2023	2022
		kDKK	kDKK
8	**Investments in subsidiaries**		
	Cost at 1 January	336	5.943
	Disposals for the year	-150	-5.607
	Cost at 31 December	186	336
	Value adjustments at 1 January	0	-5.607
	Disposals for the year	0	5.607
	Value adjustments at 31 December	0	0
	Carrying amount at 31 December	**186**	**336**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
KK Wind Solutions GmbH	Oldenburg, Germany	100%	1.287	98

9 Other fixed asset investments

	Receivables from group enterprises	Other investments	Deposits
	kDKK	kDKK	kDKK
Cost at 1 January	20.657	1	5
Additions for the year - business combination	0	0	346
Additions for the year	0	11	0
Disposals for the year	-3.032	0	0
Cost at 31 December	17.625	12	351
Carrying amount at 31 December	**17.625**	**12**	**351**

Notes to the Financial Statements

		2023	2022
		kDKK	kDKK
10	**Inventories**		
	Raw materials and consumables	846.185	370.860
	Work in progress	135.857	97.141
	Finished goods and goods for resale	136.609	35.564
		1.118.651	**503.565**

11	**Contract work in progress**		
	Selling price of work in progress	172.916	180.040
	Payments received on account	-182.579	-183.710
		-9.663	**-3.670**
	Recognised in the balance sheet as follows:		
	Contract work in progress recognised in assets	10.428	6.395
	Prepayments received recognised in debt	-20.091	-10.065
		-9.663	**-3.670**

12 Prepayments

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

13	**Distribution of profit**		
	Proposed dividend for the year	0	20.000
	Retained earnings	-16.900	12.000
		-16.900	**32.000**

Notes to the Financial Statements

	2023	2022
	kDKK	kDKK

14 Provision for deferred tax

Provision for deferred tax at 1 January	36.827	14.639
Amounts recognised in the income statement for the year	25.447	20.340
Amounts recognised in equity for the year	814	1.848
Provision for deferred tax at 31 December	**63.088**	**36.827**

KK Wind Solutions A/S has an unrecognized deferred tax asset of kDKK 8.771 related to tax loss carry-forwards, that can be carried forward without time limitations.

15 Other provisions

Other provisions includes provisions for expected liabilities on delivered products.

Other provisions	54.785	42.670
	54.785	**42.670**

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:

Mortgage loans

After 5 years	21.122	22.076
Between 1 and 5 years	5.129	5.616
Long-term part	26.251	27.692
Within 1 year	1.240	1.133
	27.491	**28.825**

Lease obligations

Between 1 and 5 years	0	297
Long-term part	0	297
Within 1 year	298	488
	298	**785**

Notes to the Financial Statements

17 Derivative financial instruments

Derivative financial instruments contracts in the form of forward exchange contracts have been concluded. At the balance sheet date, the fair value of derivative financial instruments amounts to:

	2023	2022
	kDKK	kDKK
Other receivables	10.244	5.539

Forward exchange contracts have been concluded to hedge future purchase of goods in PLN and USD. At the balance sheet date, the fair value of the forward exchange contracts amounts to kDKK 10.244. The forward exchange contracts have a term of 1-12 months for an amount of kPLN 145.000 and an amount of kUSD 5.500.

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings with a carrying amount totalling:	50.984	52.800

KK Wind Solutions A/S has issued a joint and unlimited surety guarantee for all bank debt with Danske Bank in KK-Group A/S and KK Wind Solutions Polska Sp. Z.o.o. The net book value of bank debt amounts to DKK 200 million at 31. December 2023.

KK Wind Solutions A/S has issued a joint surety guarantee limited to DKK 650 million for selected bank facilities with Danske Bank in KK-Group A/S. The net book value of the related bank debt amounts to DKK 500 million at 31 December 2023.

KK Wind Solutions A/S has issued a joint and unlimited surety guarantee for all facilities with Nykredit in KKWSH ApS. The net book value of the related debt amounts to DKK 500 million at 31 December 2023.

KK Wind Solutions A/S has also issued a joint and unlimited surety guarantee for all facilities with Nordea in KKWSH ApS. The net book value of the related debt amounts to DKK 500 million at 31 December 2023.

Notes to the Financial Statements

	2023	2022
	kDKK	kDKK

18 Contingent assets, liabilities and other financial obligations (continued)

Rental and lease obligations

	2023	2022
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	6.726	3.396
Between 1 and 5 years	6.989	2.751
	13.715	**6.147**

Other contingent liabilities

The company is party to a small numbers of disputes, lawsuits and legal actions, including tax disputes. It is the view of the management that the outcome of these legal actions will have no significant impact on the company's financial position beyond what have been recognized and stated in the financial statements.

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.

19 Subsequent events

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

20 Related parties

	Basis
Controlling interest	
A.P. MØLLER OG HUSTRU CHASTINE MC-KINNEY MØLLERS FOND TIL ALMENE FORMAAL,Esplanaden 50, 1263 København K	Ultimate Parent Company
KK-Group A/S, Bøgildvej 3, 7430 Ikast, Denmark	Parent Company

pwc

Notes to the Financial Statements

20 Related parties (continued)

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm’s length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. Transactions between KK Wind Solutions A/S and related parties are on arm's length terms.

Consolidated Financial Statements

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

Name	Place of registered office
A.P. MØLLER HOLDING A/S, København K, Business Registration No. 25 67 92 88	Copenhagen, Denmark
KK Wind Solutions Holding A/S, Business Registration No. 39 06 70 48	Ikast, Denmark

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of KK Wind Solutions A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in kDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of KK Wind Solutions Holding A/S, Business Registration No. 39 06 70 48 and A.P. MØLLER HOLDING A/S, København K, Business Registration No. 25 67 92 88, 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 KK Wind Solutions Holding A/S, Business Registration No. 39 06 70 48, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

Group method

Intragroup business combinations where subsidiaries are merged with KK Wind Solutions A/S are accounted for under the Group method (Pooling of interest method without elimination of goodwill). Under this method, the effect from acquisition accounting will remain and any goodwill etc will not be eliminated.

The Group method is applied as if the two enterprises had always been combined by restating comparative figures.

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method when it is not a merger with subsidiaries. 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.

Leases

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

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

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

Translation policies

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

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Derivative financial instruments

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

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

Hedge accounting

Changes in the fair values of 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.

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.

Revenue

Information on geographical segments based on the Companys risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

21 Accounting Policies (continued)

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.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Cost of sales

Cost of sales comprises costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to distribution activities.

Development expenditure

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

Notes to the Financial Statements

21 Accounting Policies (continued)

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc. Amortisation of goodwill is also included to the extent that goodwill relates to administrative activities.

Other operating income and expenses

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

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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, acquired intangible assets, 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

Notes to the Financial Statements

21 Accounting Policies (continued)

earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

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

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

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 1-5 year.

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

Acquired intangible assets are amortised over the remaining patent period or a shorter useful life. The amortisation period is 10-20 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years. determined on the basis of Management’s experience with the individual business areas.

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	5-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Notes to the Financial Statements

21 Accounting Policies (continued)

Leasehold improvements	5 years

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.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Notes to the Financial Statements

21 Accounting Policies (continued)

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

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 warranty obligations in respect of repair work within the warranty period of 1-6 years. Provisions are measured and recognised based on experience with guarantee work.

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 elimi-

Notes to the Financial Statements

21 Accounting Policies (continued)

nation 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 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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Operating Profit x 100}}{\text{Revenue}}$
Net margin	$\frac{\text{Net profit for the year x 100}}{\text{Revenue}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$