CNC Onsite A/S

Storhaven 4, 7100 Vejle

Annual report

1 October 2021 - 30 September 2022

Company reg. no. 34 70 29 34

The annual report was submitted and approved by the general meeting on the 6 December 2022.

Aage Dam
Chairman of the meeting

Contents

Notes:
- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of CNC Onsite A/S for the financial year 1 October 2021 - 30 September 2022.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 30 September 2022 and of the company's results of activities in the financial year 1 October 2021 – 30 September 2022.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Vejle, 6 December 2022

Managing Director

Aage Dam

Board of directors

Claus Jørgen Søgaard Poulsen	Søren Schmidt Kellenberger	Aage Dam
Hans Løvlund Toft	Lene Skovsgaard Sørensen	

Independent auditor's report on extended review

To the Shareholders of CNC Onsite A/S

Opinion

We have performed an extended review of the financial statements of CNC Onsite A/S for the financial year 1 October 2021 - 30 September 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Based on the work performed, in our opinion, the financial statements give a true and fair view of the Company's financial position at 30 September 2022 and of the results of the Company's operations for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our extended review in accordance with the Danish Business Authority's Assurance Standard for Small Enterprises and FSR – Danish Auditors' standard on extended review of financial statements prepared in accordance with the Danish Financial Statements Act. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the extended review 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities for the Financial Statements

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

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

Auditor’s responsibilities for the extended review of the Financial Statements

Our responsibility is to express a opinion on the financial statements. This requires that we plan and perform procedures in order to obtain limited assurance for our opinion on the financial statements and in addition perform specifically required supplementary procedures to obtain further assurance for our opinion.

Independent auditor's report on extended review

An extended review comprises procedures that primarily consist of making inquiries of Management and others within the Company, as appropriate, analytical procedures and the specifically required supplementary procedures as well as evaluation of the evidence obtained.

The procedures performed in an extended review are less than those performed in an audit, and accordingly, we do not express an audit opinion on the financial statements.

Statement on the Management’s Review

Management is responsible for the Management’s Review.

Our opinion on the financial statements does not cover the Management’s Review, and we do not express any form of assurance opinion thereon.

In connection with our extended review of the financial statements, our responsibility is to read the Management’s Review and, in doing so, consider whether the Management’s Review is materially inconsistent with the financial statements or our knowledge obtained during the extended review, or otherwise appears to be materially misstated.

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

Based on the work we have performed, we conclude that the 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 the Management’s Review.

Vejle, 6 December 2022

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Michael Rechnagel
State Authorised Public Accountant
mne34140

Per Tranekær Nielsen
Certified Public Accountant
mne1870

Company information

The company	CNC Onsite A/S Storhaven 4 7100 Vejle	
	Company reg. no.	34 70 29 34
	Established:	14 September 2012
	Domicile:	
	Financial year:	1 October - 30 September
Board of directors	Claus Jørgen Søgaard Poulsen Søren Schmidt Kellenberger Aage Dam Hans Løvlund Toft Lene Skovsgaard Sørensen	
Managing Director	Aage Dam	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Dandyvej 3 B 7100 Vejle	

Management´s review

The principal activities of the company

Like previous years, the principal activities are service, repair and mobile work, especially with a focus on the wind turbine industry.

Development in activities and financial matters

The gross profit for the year totals DKK 12.565.631 against DKK 11.724.509 last year. Income or loss from ordinary activities after tax totals DKK 716.029 against DKK 108.276 last year.

Main focus for 2021/2022 has been the implementation and execution of a long-term growth strategy for CNC Onsite A/S. Business with current as well as new customers within the wind turbine industry was developed and strengthened.

During the year a new type of flange milling machine designed for flanges measuring up to ø15.000 was developed. This machine is unique in the market and so far, we have closed contracts on flange milling with two global producers of wind turbine foundations. Currently there is a rising demand for this type of machine thus we are expecting this type of work to make up a considerably part of our business in the near future.

In 2021/2022 CNC Onsite A/S has carried out up-tower repairs of yaw rings on wind turbines located in Europe. Contracts on the development of new CNC controlled machines for yaw ring repairs on other platforms have been closed with several big OEM producents.

To match the rising demand and carry out our growth strategy at the same time, a strengthening of our organization with main focus in the construction area has taken place. A continuous growth of the CNC Onsite staff in general is expected to ensure CNC Onsite A/S' future options and ability to offer the development of custom-made machines within a short time frame.

CNC Onsite A/S was certified according to ISO9001:2015 in the Fall of 2021. This is seen as a natural part of our growth strategy and further certifications according to ISSO14001 and 450011 are planned for Spring 2023.

Current office and production space has become too limited and do not meet the demands anymore, thus in 2022 it was decided to build a new improved facility. The company Gråkjær A/S was chosen to design, build and finance the facility and CNC Onsite A/S will be the future leaseholder. The new facility is expected to be ready for move in on March 1st. 2023.

Management´s review

At the end of the fiscal year contracts for the development and delivery of a serial of custom-made machines to the wind turbine industry were closed. These machines, for the use of up-tower repairs, will also be used for production. CNC Onsite A/S will be responsible for the start-up and training of customer staff and this work is expected to take place globally.

The turnover has increased significantly in the financial year 2021/2022, and based on the current order and contracts portfolio with customers, there is an expectation that the turnover for the financial year 2022/2023 will be doubled.

Accounting policies

The annual report for CNC Onsite A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

The enterprise will be applying IAS 18 as its basis of interpretation for the recognition of revenue.

Accounting policies

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, as well as salary reimbursements received and profit from the disposal of intangible and tangible assets.

Other external costs comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses as well as surcharges and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Statement of financial position

Plant and equipment

Plant and equipment are measured at cost less accrued depreciation and writedown for impairment.

Accounting policies

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Plant and machinery	5-10 years	0-40 %
Other fixtures and fittings, tools and equipment	5 years	0-15 %

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Property, plant, and equipment in progress

Property, plant, and equipment in progress are measured and recognised as the total costs incurred. When the work has been completed, the total value is transferred to the relevant item under property, plant, and equipment and is amortised from the date of entry into service.

Leases

Leases are recognized as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Accounting policies

Impairment loss relating to non-current assets

The carrying amount of tangible fixed assets are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Leasehold improvements

Leasehold improvements are measured at cost less accrued depreciations. Depreciation is done on a straightline basis over the estimated useful life of the asset, which is set at 10 years.

Investments

Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

Accounting policies

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Prepayments and accrued income

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Other liabilities concerning payables are measured at amortised cost which usually corresponds to the nominal value.

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Income statement 1 October - 30 September

All amounts in DKK.

Note		2021/22	2020/21
	Gross profit	**12.565.631**	**11.724.509**
1	Staff costs	-10.817.346	-10.981.861
	Depreciation and impairment of property, land, and equipment	-658.290	-505.616
	Operating profit	**1.089.995**	**237.032**
	Other financial income	3.535	4.129
	Other financial costs	-173.733	-77.624
	Pre-tax net profit or loss	**919.797**	**163.537**
	Tax on net profit or loss for the year	-203.766	-55.264
	Net profit or loss for the year	**716.031**	**108.273**
	Proposed appropriation of net profit:		
	Transferred to retained earnings	716.031	108.273
	Total allocations and transfers	**716.031**	**108.273**

Balance sheet at 30 September

All amounts in DKK.

Note	Assets	2022	2021
	Non-current assets		
	Production plant and machinery	3.917.476	4.204.228
	Other plants, operating assets, and fixtures and furniture	319.666	487.960
	Property, plant, and equipment under construction and prepayments for property, plant, and equipment	9.161.296	261.032
	Total property, plant, and equipment	13.398.438	4.953.220
	Deposits	2.161.954	118.477
	Total investments	2.161.954	118.477
	Total non-current assets	**15.560.392**	**5.071.697**
	Current assets		
	Raw materials and consumables	1.503.453	1.269.993
	Prepayments for goods	909.985	0
	Total inventories	2.413.438	1.269.993
	Trade receivables	14.418.367	2.735.817
2	Contract work in progress	959.686	258.894
	Income tax receivables	230.234	0
	Other receivables	622.839	2.603.766
	Prepayments and accrued income	374.208	373.391
	Total receivables	16.605.334	5.971.868
	Cash on hand and demand deposits	1.165	56.575
	Total current assets	**19.019.937**	**7.298.436**
	Total assets	**34.580.329**	**12.370.133**

Balance sheet at 30 September

All amounts in DKK.

Note	Equity and liabilities	2022	2021
	Equity		
	Contributed capital	600.000	600.000
	Retained earnings	6.305.552	5.589.521
	Total equity	**6.905.552**	**6.189.521**
	Provisions		
	Provisions for deferred tax	686.000	545.000
	Total provisions	**686.000**	**545.000**
	Liabilities other than provisions		
	Bank loans	5.200.000	0
3	Total long term liabilities other than provisions	5.200.000	0
3	Current portion of long term liabilities	1.300.000	0
	Bank loans	4.695.185	603.876
2	Prepayments received from customers concerning work in progress for the account of others	4.185.040	0
2	Contract work in progress	5.816.955	83.564
	Trade payables	2.811.327	798.970
	Income tax payable	0	79.578
	Other payables	2.011.077	4.069.624
	Deferred income	969.193	0
	Total short term liabilities other than provisions	21.788.777	5.635.612
	Total liabilities other than provisions	**26.988.777**	**5.635.612**
	Total equity and liabilities	**34.580.329**	**12.370.133**

4 Charges and security

5 Contingencies

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 October 2020	400.000	0	3.344.248	900.000	4.644.248
Cash capital increase	200.000	2.137.000	0	0	2.337.000
Distributed dividend	0	0	0	-900.000	-900.000
Profit or loss for the year brought forward	0	0	108.273	0	108.273
Transferred to results brought forward	0	-2.137.000	2.137.000	0	0
Equity 1 October 2021	600.000	0	5.589.521	0	6.189.521
Profit or loss for the year brought forward	0	0	716.031	0	716.031
	600.000	**0**	**6.305.552**	**0**	**6.905.552**

Notes

All amounts in DKK.

		2021/22	2020/21
1.	**Staff costs**		
	Salaries and wages	9.405.414	9.714.172
	Pension costs	1.250.468	1.129.897
	Other staff costs	161.464	137.792
		10.817.346	**10.981.861**
	Average number of employees	18	17
2.	**Contract work in progress**		
	Sales value of the production of the period	1.558.220	417.770
	Payments on account received	-10.600.529	-242.440
	Contract work in progress, net	**-9.042.309**	**175.330**
	The following is recognised:		
	Work in progress for the account of others (current assets)	959.686	258.894
	Work in progress for the account of others (prepayments received)	-4.185.040	0
	Work in progress for the account of others (short-term liabilities)	-5.816.955	-83.564
		-9.042.309	**175.330**

3. Long term labilities other than provisions

	Total payables 30 Sep 2022	Current portion of long term payables	Long term payables 30 Sep 2022	Outstanding payables after 5 years
Bank loans	6.500.000	1.300.000	5.200.000	0
	6.500.000	**1.300.000**	**5.200.000**	**0**

Notes

All amounts in DKK.

4. Charges and security

As security for debt to a bank, the company has pledged a corporate mortgage of a nominal DKK 2,000 thousand. The corporate mortgage comprises the following assets whose carrying amount at the balance sheet date is:

	DKK in thousands
Inventories	1.503
Trade receivables	14.418
Non-current assets	13.398
Egen engelsk tekst	0

5. Contingencies

Contingent liabilities

The company has entered into leasing contracts for fixed assets and cars with an average annual lease payment of DKK 608 thousand. The leasing contracts have a residual term of 6 to 58 months and a total residual lease payment of DKK 2,550 thousand.

The company has entered into leases for the rental of premises. The leases are non-cancellable for 10 years valid from 1 May 2023, which corresponds to a residual obligation of DKK 19,751 thousand. pr. September 30, 2022.

Warranty commitments and other contingent liabilities:
The company's bank has provided guarantees for a total of DKK 34 thousand. for security to the company's customers in connection with ongoing work.