BEIERHOLM
VI SKABER BALANCE

SynFlex A/S

Lejrvej 3, 3500 Værløse

CVR no. 39 32 89 17

Annual report for 2021

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 22.04.22

Anders Pedersen
Dirigent

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Company information etc.

The company

SynFlex A/S
Lejrvej 3
3500 Værløse
Tel.: 44 48 55 00
Registered office: Værløse
CVR no.: 39 32 89 17
Financial year: 01.01 - 31.12

Mads Hesselbæk Olesen

Anders Jens Pedersen
Stefan Siegbert Karsch
Mads Hesselbæk Olesen

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the and on the annual report

We have on this day presented the annual report for the financial year 01.01.21 - 31.12.21 for SynFlex A/S.

The annual report is presented in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.21 and of the results of the company's activities for the financial year 01.01.21 - 31.12.21.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Værløse, April 20, 2022

Mads Hesselbæk Olesen

Anders Jens Pedersen Chairman	Stefan Siegbert Karsch	Mads Hesselbæk Olesen

To the of SynFlex A/S

Opinion

We have audited the financial statements of SynFlex A/S for the financial year 01.01.21 - 31.12.21, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the financial statements give a true and fair view of the company's assets, liabilities and financial position at 31.12.21 and of the results of the company's operations for the financial year 01.01.21 - 31.12.21 in accordance with the the Danish Financial Statements Act (Årsregnskabsloven).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing 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 regarding the 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, we conclude that management’s review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Acts. We did not identify any material misstatement of management’s review.

Management's responsibility for the financial statements

The Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Furthermore the Management is responsible for the internal control as the 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- 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.

Soeborg, Copenhagen, April 20, 2022

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Thomas Thomsen
State Authorized Public Accountant
MNE-no. mne34079

Primary activities

SynFlex A/S is a part of SynFlex Group. The core competence of SynFlex lies in the development, manufacturing and distribution of conducting and insulating products for the electrical insulation systems of electrical motors, transformers and generators. The SynFlex Group operates worldwide from 13 locations in Germany, Austria, Denmark, France, Italy, Poland, Turkey and China. The SynFlex Group employs approx. 450 people.

SynFlex A/S is responsible for the activities in Denmark, Norway, Sweden, Finland and Estonia. SynFlex A/S has sales office, production facilities and warehouse in Værløse, Denmark and employs nine people.

Development in activities and financial affairs

The income statement for the period 01.01.21 - 31.12.21 shows a profit/loss of DKK 1,025,994 against DKK'000 733 for the period 01.01.20 - 31.12.20. The balance sheet shows equity of DKK 8,923,707.

The management considers the net profit for the year to be satisfactory.

Subsequent events

No important events have occurred after the end of the financial year.

Income statement

Note		2021 DKK	2020 DKK '000
	Gross profit	**7,568,736**	**6,844**
1	Staff costs	-5,976,326	-5,609
	Profit before depreciation, amortisation, write-downs and impairment losses	**1,592,410**	**1,235**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-130,271	-169
	Operating profit	**1,462,139**	**1,066**
	Financial income	0	6
2	Financial expenses	-125,913	-111
	Profit before tax	**1,336,226**	**961**
3	Tax on profit for the year	-310,232	-228
	Profit for the year	**1,025,994**	**733**

Proposed appropriation account

	2021 DKK	2020 DKK '000
Proposed dividend for the financial year	0	373
Retained earnings	1,025,994	360
Total	**1,025,994**	**733**

Balance sheet

ASSETS

Note		31.12.21 DKK	31.12.20 DKK '000
	Goodwill	0	0
4	**Total intangible assets**	**0**	**0**
	Land and buildings	7,500,000	7,500
	Other fixtures and fittings, tools and equipment	5,000	24
5	**Total property, plant and equipment**	**7,505,000**	**7,524**
	Total non-current assets	**7,505,000**	**7,524**
	Raw materials and consumables	5,191,034	4,546
	Prepayments for goods	142,560	0
	Total inventories	**5,333,594**	**4,546**
	Trade receivables	4,289,096	2,956
	Income tax receivable	34,606	0
	Other receivables	37,864	73
	Total receivables	**4,361,566**	**3,029**
	Cash	**1,398,195**	**1,020**
	Total current assets	**11,093,355**	**8,595**
	Total assets	**18,598,355**	**16,119**

Balance sheet

EQUITY AND LIABILITIES

Note		31.12.21 DKK	31.12.20 DKK '000
	Share capital	2,000,000	2,000
	Revaluation reserve	3,157,571	3,127
	Retained earnings	3,766,136	2,668
	Proposed dividend for the financial year	0	373
	Total equity	**8,923,707**	**8,168**
	Provisions for deferred tax	1,196,490	1,195
	Total provisions	**1,196,490**	**1,195**
6	Mortgage debt	2,046,314	2,243
6	Other payables	0	416
	Total long-term payables	**2,046,314**	**2,659**
6	Short-term part of long-term payables	196,255	197
	Trade payables	492,292	331
	Payables to group enterprises	3,784,542	960
	Income taxes	0	43
	Other payables	1,958,755	2,566
	Total short-term payables	**6,431,844**	**4,097**
	Total payables	**8,478,158**	**6,756**
	Total equity and liabilities	**18,598,355**	**16,119**

7 Contingent liabilities
8 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the financial year
Statement of changes in equity for 01.01.20 - 31.12.20				
Balance as at 01.01.20	2,000,000	3,095,842	2,238,585	1,862,500
Revaluations during the year	0	108,889	0	0
Depreciation and amortisation during the year	0	-69,319	69,319	0
Dividend paid	0	0	0	-1,862,500
Tax on changes in equity	0	-8,705	0	0
Net profit/loss for the year	0	0	360,444	372,500
Balance as at 31.12.20	2,000,000	3,126,707	2,668,348	372,500
Statement of changes in equity for 01.01.21 - 31.12.21				
Balance as at 01.01.21	2,000,000	3,126,707	2,668,348	372,500
Revaluations during the year	0	111,363	0	0
Depreciation and amortisation during the year	0	-71,794	71,794	0
Dividend paid	0	0	0	-372,500
Tax on changes in equity	0	-8,705	0	0
Net profit/loss for the year	0	0	1,025,994	0
Balance as at 31.12.21	2,000,000	3,157,571	3,766,136	0

Notes

	2021 DKK	2020 DKK '000

1. Staff costs

Wages and salaries	5,408,394	5,097
Pensions	420,961	399
Other social security costs	64,838	55
Other staff costs	82,133	58
Total	5,976,326	5,609
Average number of employees during the year	9	10

2. Financial expenses

Interest, group enterprises	5,456	1
Other interest expenses	36,745	42
Foreign currency translation adjustments	59,450	45
Other financial expenses	24,262	23
Total	125,913	111

3. Tax on profit for the year

Tax on profit or loss for the year	317,394	243
Adjustment of deferred tax for the year	-7,162	-15
Total	310,232	228

4. Intangible assets

Figures in DKK	Goodwill
Cost as at 01.01.21	0
Cost as at 31.12.21	0
Revaluations as at 01.01.21	0
Revaluations as at 31.12.21	0
Carrying amount as at 31.12.21	0

5. Property, plant and equipment

Figures in DKK	Land and buildings	Other fixtures and fittings, tools and equipment
Cost as at 01.01.21	5,562,316	2,094,928
Disposals during the year	0	-114,353
Cost as at 31.12.21	5,562,316	1,980,575
Revaluations as at 01.01.21	5,887,617	0
Revaluations during the year	111,363	0
Revaluations as at 31.12.21	5,998,980	0
Depreciation and impairment losses as at 01.01.21	-3,949,933	-2,071,020
Depreciation during the year	-111,363	-18,908
Reversal of depreciation of and impairment losses on disposed assets	0	114,353
Depreciation and impairment losses as at 31.12.21	-4,061,296	-1,975,575
Carrying amount as at 31.12.21	7,500,000	5,000
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.21	2,176,228	5,000

6. Long-term payables

	Repayment first year DKK	Outstanding debt after 5 years DKK	Total payables at 31.12.21 DKK	Total payables at 31.12.20 DKK '000
Mortgage debt	196,255	1,270,228	2,242,569	2,440
Other payables	0	0	0	416
Total	196,255	1,270,228	2,242,569	2,856

7. Contingent liabilities

Lease commitments

The company has concluded lease agreements with terms to maturity of 21-43 months and average lease payments of DKK 13k, a total of DKK 330k.

8. Charges and security

Land and buildings with a carrying amount of DKK 7.500k have been provided as security for mortgage debt of DKK 2.046k.

As security for debt to credit institutions of DKK 2.046k, a company charge has been provided comprising goodwill, intellectual property rights, motor vehicles, other plant, fixtures and fittings, tools and equipment, inventories and agricultural stock, trade receivables as well as fuels and other ancillary materials. The total carrying amount of the comprised assets is DKK 9.628k.

9. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act (*Årsregnskabsloven*) for enterprises in reporting class B with application of provisions for a higher reporting class.

The accounting policies have been applied consistently with previous years.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

9. Accounting policies - continued -

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

INCOME STATEMENT

Gross profit

Gross profit comprises revenue and cost of sales and other external expenses.

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs and operating lease expenses.

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the

9. Accounting policies - continued -

following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Goodwill		10
Buildings		10-50
Other plant, fixtures and fittings, tools and equipment		3-10

Land is not depreciated.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Amortisation of capital losses and borrowing costs relating to financial liabilities is recognised on an ongoing basis as financial expenses.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

9. Accounting policies - continued -

BALANCE SHEET

Property, plant and equipment

Property, plant and equipment comprise land and buildings as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at costfor land and buildings with revaluation at fair value recognised under the revaluation reserve in equity, however, and less accumulated depreciation and impairment losses. The fair value for land and buildings is calculated by applying an individually determined discount rate to the capitalisation of a market-based operating income from the property. A value has not been used to determine the fair value.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the 'Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

9. Accounting policies - continued -

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

Cash

Cash includes deposits in bank accounts as well as operating cash.

9. Accounting policies - continued -

Equity

The proposed dividend for the financial year is recognised as a separate item in equity.

Revaluation reserve comprises revaluation of at fair value. The revaluation reserve is measured less deferred tax and reduced by depreciation and amortisation of the revalued assets. On the disposal of the assets, the remaining amount is transferred from the revaluation reserve to retained earnings.

Current and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the basis of the taxable income for the year, adjusted for tax paid on account.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.