

SynFlex A/S

Løjrvvej 3, 3500 Værløse
CVR no. 39 32 89 17

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 23.05.24

Anders Jens Pedersen
Dirigent



STATSAUTORISERET
REVISIONSPARTNERSELSKAB

Vi er et uafhængigt medlem af
det globale rådgivnings- og revisionsnetværk

København
Knud Højgaards Vej 9
2860 Søborg

Tel. 39 16 76 00
www.beierholm.dk
CVR-nr. 32 89 54 68

Company information etc.	3
Statement by the and on the annual report	4
Independent auditor's report	5 - 7
Management's review	8
Income statement	9
Balance sheet	10 - 11
Statement of changes in equity	12
Notes	13 - 21

The company

SynFlex A/S
Lejrvej 3
3500 Værløse
Danmark
Tel.: 39 32 89 17
Website: <https://www.synflex.com/en/>
Registered office: Værløse
CVR no.: 39 32 89 17
Financial year: 01.01 - 31.12

Executive Board

Mads Hesselbæk Olesen

Board of Directors

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 01.01.23 - 31.12.23 for SynFlex A/S.

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

In our opinion, the financial statements give a true and fair view of the company's assets, liabilities and financial position as at 31.12.23 and of the results of the company's activities for the financial year 01.01.23 - 31.12.23.

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, May 23, 2024

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 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the financial statements give a true and fair view of the company's financial position at 31.12.23 and of the results of the company's operations for the financial year 01.01.23 - 31.12.23 in accordance with the Danish Financial Statements Act.

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 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 conclusion thereon.

In connection with our audit of the financial statements, it is our responsibility 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 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 of the management's review.

Management's responsibilities for the financial statements

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

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

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 judgment and maintain professional scepticism throughout the audit. We also:

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Soeborg, Copenhagen, May 23, 2024

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 14 locations in Germany, Austria, Denmark, France, Italy, Poland, Turkey and China. The SynFlex Group employs more than 700 people.

SynFlex A/S is responsible for the activities in Denmark, Norway, Sweden, Finland, Estonia and UK. 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 01.01.23 - 31.12.23 shows a profit/loss of DKK 1,128,790 against DKK 1,262k for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 11,527,556.

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		2023 DKK	2022 DKK '000
	Gross profit	8,126,239	8,309
1	Staff costs	-6,396,934	-6,372
	Profit before depreciation, amortisation, write-downs and impairment losses	1,729,305	1,937
	Depreciation and impairments losses of property, plant and equipment	-171,986	-119
	Operating profit	1,557,319	1,818
	Financial income	25,375	38
2	Financial expenses	-111,850	-181
	Profit before tax	1,470,844	1,675
3	Tax on profit for the year	-342,054	-413
	Profit for the year	1,128,790	1,262
	Proposed appropriation account		
	Retained earnings	1,128,790	1,262
	Total	1,128,790	1,262

ASSETS		31.12.23	31.12.22
		DKK	DKK '000
Note			
	Land and buildings	7,500,000	7,500
	Other fixtures and fittings, tools and equipment	241,260	140
4	Total property, plant and equipment	7,741,260	7,640
	Total non-current assets	7,741,260	7,640
	Raw materials and consumables	5,523,303	5,329
	Prepayments for goods	0	92
	Total inventories	5,523,303	5,421
	Trade receivables	3,985,790	5,424
	Income tax receivable	146,054	0
	Other receivables	35,363	39
	Total receivables	4,167,207	5,463
	Cash	1,166,935	572
	Total current assets	10,857,445	11,456
	Total assets	18,598,705	19,096

EQUITY AND LIABILITIES		31.12.23	31.12.22
Note		DKK	DKK '000
	Share capital	2,000,000	2,000
	Revaluation reserve	3,219,299	3,188
	Retained earnings	6,308,257	5,102
	Total equity	11,527,556	10,290
	Provisions for deferred tax	1,209,318	1,201
5	Other provisions	0	125
	Total provisions	1,209,318	1,326
6	Mortgage debt	1,656,610	1,851
	Total long-term payables	1,656,610	1,851
6	Short-term part of long-term payables	194,470	195
	Payables to other credit institutions	154,575	0
	Trade payables	296,351	409
	Payables to group enterprises	1,946,361	2,897
	Income taxes	0	136
	Other payables	1,613,464	1,992
	Total short-term payables	4,205,221	5,629
	Total payables	5,861,831	7,480
	Total equity and liabilities	18,598,705	19,096
7	Contingent liabilities		
8	Charges and security		

Statement of changes in equity

Figures in DKK	Share capital	Revaluation reserve	Retained earnings	Total equity
Statement of changes in equity for 01.01.23 - 31.12.23				
Balance as at 01.01.23	2,000,000	3,188,435	5,102,370	10,290,805
Revaluations during the year	0	116,666	0	116,666
Depreciation and amortisation during the year	0	-77,097	77,097	0
Tax on changes in equity	0	-8,705	0	-8,705
Net profit/loss for the year	0	0	1,128,790	1,128,790
Balance as at 31.12.23	2,000,000	3,219,299	6,308,257	11,527,556

	2023 DKK	2022 DKK '000
1. Staff costs		
Wages and salaries	5,763,304	5,731
Pensions	475,132	455
Other social security costs	66,874	67
Other staff costs	91,624	119
Total	6,396,934	6,372
Average number of employees during the year	9	9

2. Financial expenses

Interest, group enterprises	0	6
Other interest expenses	20,994	32
Foreign currency translation adjustments	68,720	121
Other financial expenses	22,136	22
Total	111,850	181

3. Tax on profit for the year

Current tax for the year	341,946	413
Adjustment of deferred tax for the year	108	0
Total	342,054	413

4. Property, plant and equipment

Figures in DKK	Land and buildings	Other fixtures and fittings, tools and equipment
Cost as at 01.01.23	5,562,316	2,120,305
Additions during the year	0	156,850
Disposals during the year	0	-77,000
Cost as at 31.12.23	5,562,316	2,200,155
Revaluations as at 01.01.23	6,112,933	0
Revaluations during the year	116,666	0
Revaluations as at 31.12.23	6,229,599	0
Depreciation and impairment losses as at 01.01.23	-4,175,249	-1,980,575
Depreciation during the year	-116,666	-55,320
Reversal of depreciation of and impairment losses on disposed assets	0	77,000
Depreciation and impairment losses as at 31.12.23	-4,291,915	-1,958,895
Carrying amount as at 31.12.23	7,500,000	241,260
Carrying amount in the balance sheet if revaluation to fair value had not been carried out as at 31.12.23	2,109,908	241,260
	31.12.23 DKK	31.12.22 DKK '000

5. Other provisions

Other provisions are expected to be distributed as follows:

Current liabilities	0	125
---------------------	---	-----

6. Long-term payables

	Repayment first year DKK	Outstanding debt after 5 years DKK	Total payables at 31.12.23 DKK	Total payables at 31.12.22 DKK '000
Mortgage debt	194,470	876,196	1,851,080	2,046
Total	194,470	876,196	1,851,080	2,046

7. Contingent liabilities*Lease commitments*

The company has concluded lease agreements with terms to maturity of 4-19 months and average lease payments of DKK 14k, a total of DKK 153k.

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 1,851k.

As security for debt to credit institutions of DKK 1,851k, 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 9.766k.

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.

9. Accounting policies - continued -**Depreciation and impairment losses**

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

	Useful lives, years	Residual value DKK '000
Goodwill	10	0
Buildings	10-50	0
Other plant, fixtures and fittings, tools and equipment	3-10	0

Land is not depreciated.

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

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 cost, for 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 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.

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.

Equity

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

9. Accounting policies - continued -

Provisions

Other provisions comprise expected expenses incidental to restructuring etc. and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

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 financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.