
CS WIND Offshore Procurement A/S

Nørredybet 1, DK-9220 Aalborg

Annual Report for 2023

CVR No. 40 60 64 08

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 19/7 2024

Christian Eichen
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of CS WIND Offshore Procurement 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.

Aalborg, 19 July 2024

Executive Board

Henrik Olesen
CEO

Board of Directors

Young Jin Oh
Chairman

Henrik Olesen

Independent Auditor's report

To the shareholder of CS WIND Offshore Procurement 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 CS WIND Offshore Procurement 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.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 in the financial statements, which indicates that the Company is dependent on additional liquidity being made available either by further payments on current contracts to be claimed and obtained or further financial support from the ultimate shareholder. As stated in Note 1, contract negotiations stalled in June 2024 and according to budget CS Wind Offshore Group will as a consequence lack liquidity at the latest in August 2024. Due to the financial position of the Company material financial support must be provided to ensure the necessary liquidity to continue the operations in the remaining part of 2024 unless contract negotiations are completed, which indicates that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

Independent Auditor's report

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.
- 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.

Independent Auditor's report

Aarhus, 19 July 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Claus Lindholm Jacobsen

State Authorised Public Accountant

mne23328

Thyge Belter

State Authorised Public Accountant

mne30222

Company information

The Company	CS WIND Offshore Procurement A/S Nørredybet 1 9220 Aalborg CVR No: 40 60 64 08 Financial period: 1 January - 31 December Municipality of reg. office: Aalborg Kommune
Board of Directors	Young Jin Oh, chairman Henrik Olesen
Executive Board	Henrik Olesen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK
Key figures				
Profit/loss				
Gross profit	1,022	1,135	1,329	445
Profit/loss of primary operations	1,022	1,135	1,329	445
Profit/loss of financial income and expenses	2,481	-1,753	45	-193
Net profit/loss for the year	2,713	-482	1,072	197
Balance sheet				
Balance sheet total	34,814	274,614	139,517	40,974
Equity	3,891	1,178	1,661	589
Ratios				
Return on assets	2.9%	0.4%	1.0%	1.1%
Solvency ratio	11.2%	0.4%	1.2%	1.4%
Return on equity	107.0%	-34.0%	95.3%	66.9%

Management's review

Key activities

The company's main activities is the manufacture and assembly of metal and steel products, to function as purchasing company as well as other activities related to the Board of Directors' estimates.

Development in the year

The income statement of the Company for 2023 shows a profit of TDKK 2,713, and at 31 December 2023 the balance sheet of the Company shows a positive equity of TDKK 3,891.

Capital resources

CS Wind Offshore Procurement A/S is a part of CS WIND Offshore DK Holding A/S Group. For a description of the capital resources and liquidity for the coming year, refer to note 1 to the financial statements.

Targets and expectations for the year ahead

Net result for 2024 is expected to be between TDKK 0-100.

Subsequent events

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

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Gross profit		1,022	1,135
Financial income	3	2,488	54
Financial expenses	4	-7	-1,807
Profit/loss before tax		3,503	-618
Tax on profit/loss for the year	5	-790	136
Net profit/loss for the year	6	2,713	-482

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Trade receivables		0	98
Receivables from group enterprises		34,804	273,413
Deferred tax asset		0	136
Receivables		34,804	273,647
Cash at bank and in hand		10	967
Current assets		34,814	274,614
Assets		34,814	274,614

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		400	400
Retained earnings		3,491	778
Equity		3,891	1,178
Trade payables		29,910	273,377
Corporation tax		655	0
Other payables		358	59
Short-term debt		30,923	273,436
Debt		30,923	273,436
Liabilities and equity		34,814	274,614
Going concern	1		
Staff	2		
Contingent assets, liabilities and other financial obligations	7		
Related parties	8		
Accounting Policies	9		

Statement of changes in equity

	Share capital	Retained earnings	Total
	TDKK	TDKK	TDKK
Equity at 1 January	400	778	1,178
Net profit/loss for the year	0	2,713	2,713
Equity at 31 December	400	3,491	3,891

Notes to the Financial Statements

1. Going concern

The financial statements for CS WIND Offshore Procurement A/S are prepared under the going concern assumption.

CS WIND Offshore Procurement A/S is a part of the CS WIND Offshore DK Holding A/S Group, which was acquired by CS Wind Corporation, South Korea, in 2023. In that connection, a new agreement for external financing was completed in February 2024. The new financing agreement was established to ensure that sufficient cash was available to continue operations and carry out the plans for the coming years.

Due to the execution of significant contracts it became evident during the first half of 2024 that further payments on current contracts had to be claimed and obtained in order to cover increased costs. Contract amendments to the current contracts have been negotiated and drafted but negotiations stalled in June 2024 due to disagreement on the total compensation package. According to budgets CS WIND Offshore Group will as a consequence lack liquidity at the latest in August 2024 and will not be able to continue as Going Concern if further funds are not provided by the ultimate shareholder.

The ultimate parent company, CS Wind Corporation, who owns 100% of the share capital, has issued a declaration of financial support, which expires by approval of the Annual Report for 2024. Due to the financial position of the Company material financial support must be provided to ensure the necessary liquidity to continue the operations in the remaining part of 2024 unless contract negotiations, cf. above, is completed and provides the necessary liquidity in accordance with the budget for 2024.

Management of CS WIND Offshore Group expects that negotiations on existing contracts that stalled in June 2024 will be reopened later in July or August 2024 and that the outcome of this will provide the necessary liquidity to ensure the basis for going concern.

On this basis a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern.

	2023	2022
2. Staff		
Average number of employees	0	0

	2023	2022
	TDKK	TDKK
3. Financial income		
Interest received from group enterprises	2,448	0
Other financial income	40	54
	2,488	54

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
4. Financial expenses		
Interest expenses, group entities	0	1,801
Other financial expenses	7	6
	<u>7</u>	<u>1,807</u>

	2023	2022
	TDKK	TDKK
5. Income tax expense		
Current tax for the year	655	0
Deferred tax for the year	115	-136
Adjustment of tax concerning previous years	20	0
	<u>790</u>	<u>-136</u>

	2023	2022
	TDKK	TDKK
6. Profit allocation		
Retained earnings	2,713	-482
	<u>2,713</u>	<u>-482</u>

7. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Company is jointly taxed with its parent, CS WIND Offshore DK Holding A/S, which acts as management company, and is jointly and severally liable with the other jointly taxed group entities for payment of income taxes for the income year 2022 onwards as well as withholding taxes on interest, royalties and dividends falling due for payment on or after 31. december 2023.

Notes to the Financial Statements

8. Related parties and disclosure of consolidated financial statements

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.

Consolidated Financial Statements

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

<u>Name</u>	<u>Place of registered office</u>
CS WIND Offshore DK Holding A/S	Aalborg

Notes to the Financial Statements

9. Accounting policies

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

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

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 , the Company has not prepared a cash flow statement.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Other external expenses

Other external expenses comprise expenses for premises, sales and as well as office expenses, etc. Administrative expenses include expenses incurred in the year for company management and administration, including management fee to the parent company CS WIND Offshore A/S.

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, cost of sale and other external expenses.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax on profit/loss for the year

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

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

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

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Notes to the Financial Statements

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.

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting wither profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

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

Financial liabilities

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

Financial Highlights

Explanation of financial ratios

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