



Vestas Industrial Cooling ApS

Smed Hansens Vej 13
6940 Lem St
CVR No. 41343842

Annual report 2022

The Annual General Meeting adopted the
annual report on 29.03.2023

Claus Munkholm

Chairman of the General Meeting

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Entity details

Entity

Vestas Industrial Cooling ApS

Smed Hansens Vej 13

6940 Lem St

Business Registration No.: 41343842

Registered office: Ringkøbing-skjern

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Ib Sand Nykjær

Executive Board

Claus Munkholm

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6700 Esbjerg

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Vestas Industrial Cooling ApS for the financial year 01.01.2022 - 31.12.2022.

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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lem St., 29.03.2023

Executive Board

Claus Munkholm

Board of Directors

Ib Sand Nykjær

Independent auditor's report

To the shareholders of Vestas Industrial Cooling ApS

Opinion

We have audited the financial statements of Vestas Industrial Cooling ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of 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 Entity's financial position at 31.12.2022 and of the results of its operations for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity 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.

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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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.

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary 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 commentary.

Esbjerg, 29.03.2023

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Lasse Lynggaard Wolff

State Authorised Public Accountant

Identification No (MNE) mne35802

Management commentary

Primary activities

The company's primary activities have comprised of production, service and sale of cooling towers and dry coolers.

Description of material changes in activities and finances

The income statement of the Company for 2022 shows a loss of DKK 4,611,044, and at 31 December 2022 the balance sheet of the Company shows equity of DKK 1,618,930. The result of the year is considered unsatisfying.

The overall reason for the loss is related to price increases on purchased and consumed raw materials and components for executed customer orders, on which it were not possible to obtain price compensations from customers.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		3,736,860	8,624,984
Staff costs	2	(9,311,997)	(9,414,993)
Depreciation, amortisation and impairment losses	3	(150,099)	(148,113)
Operating profit/loss		(5,725,236)	(938,122)
Other financial income	4	28,342	0
Other financial expenses	5	(215,150)	(160,789)
Profit/loss before tax		(5,912,044)	(1,098,911)
Tax on profit/loss for the year	6	1,301,000	241,159
Profit/loss for the year		(4,611,044)	(857,752)
Proposed distribution of profit and loss			
Retained earnings		(4,611,044)	(857,752)
Proposed distribution of profit and loss		(4,611,044)	(857,752)

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Acquired intangible assets		30,000	40,000
Intangible assets	7	30,000	40,000
Plant and machinery		503,668	615,996
Other fixtures and fittings, tools and equipment		58,982	86,753
Property, plant and equipment	8	562,650	702,749
Fixed assets		592,650	742,749
Raw materials and consumables		1,242,383	2,205,527
Manufactured goods and goods for resale		553,804	133,651
Inventories		1,796,187	2,339,178
Trade receivables		9,525,497	5,975,150
Contract work in progress	9	4,527,247	368,195
Receivables from group enterprises		365,322	330,004
Deferred tax	10	1,187,000	0
Other receivables		109,895	432,350
Joint taxation contribution receivable		0	356,161
Receivables		15,714,961	7,461,860
Cash		1,240,554	1,370,061
Current assets		18,751,702	11,171,099
Assets		19,344,352	11,913,848

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		100,000	100,000
Retained earnings		1,518,930	(870,026)
Equity		1,618,930	(770,026)
Deferred tax	10	0	114,000
Other provisions	11	636,235	144,000
Provisions		636,235	258,000
Prepayments received from customers		196,516	63,148
Contract work in progress	9	2,069,179	924,481
Trade payables		5,637,125	2,476,115
Payables to group enterprises		8,564,923	7,642,917
Other payables	12	621,444	1,319,213
Current liabilities other than provisions		17,089,187	12,425,874
Liabilities other than provisions		17,089,187	12,425,874
Equity and liabilities		19,344,352	11,913,848
Going concern	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Group relations	15		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	100,000	(870,026)	(770,026)
Group contributions etc.	0	7,000,000	7,000,000
Profit/loss for the year	0	(4,611,044)	(4,611,044)
Equity end of year	100,000	1,518,930	1,618,930

Notes

1 Going concern

To support the company in 2023 the parent company has issued a "letter of support":

"We Vestas Aircoil A/S, Lem St., Denmark confirm that, in the period up to 31 December 2023 Vestas Aircoil A/S shall be committed, on demand at one or more times, to contribute to Vestas Industrial Cooling ApS the cash funds necessary for Vestas Industrial Cooling ApS to meet its obligations as they mature.

The contribution of cash funds shall take place by way of equity, as capital increase or a tax-exempt group contribution, or as loan capital by the granting of monetary loans, falling due for payment on 31 December 2023 at the earliest, and which, on the part of Vestas Aircoil A/S, are interminable in the period up to 31 December 2023, and by an amount, which the Board of Directors of Vestas Industrial Cooling ApS estimates is sufficient for Vestas Industrial Cooling ApS to meet its obligations as they mature.

This letter of support shall remain in force regardless of whether capital is contributed to Vestas Industrial Cooling ApS during the period. This letter of support guaranteeing contribution of cash funds shall be irrevocable and may without any special terms or conditions be enforced by the Board of Directors of Vestas Industrial Cooling ApS."

On the basis of the above, the cash resources are expected to be sufficient to carry out the planned operations until the end of the financial year.

2 Staff costs

	2022	2021
	DKK	DKK
Wages and salaries	8,835,340	8,946,099
Pension costs	430,085	409,837
Other social security costs	46,572	59,057
	9,311,997	9,414,993
Average number of full-time employees	14	17

3 Depreciation, amortisation and impairment losses

	2022	2021
	DKK	DKK
Amortisation of intangible assets	10,000	10,000
Depreciation of property, plant and equipment	140,099	138,113
	150,099	148,113

4 Other financial income

	2022	2021
	DKK	DKK
Financial income from group enterprises	7,163	0
Other interest income	21,179	0
	28,342	0

5 Other financial expenses

	2022	2021
	DKK	DKK
Financial expenses from group enterprises	200,000	130,000
Other interest expenses	15,150	30,789
	215,150	160,789

6 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Change in deferred tax	(1,301,000)	117,000
Adjustment concerning previous years	0	(1,998)
Refund in joint taxation arrangement	0	(356,161)
	(1,301,000)	(241,159)

7 Intangible assets

	Acquired intangible assets DKK
Cost beginning of year	50,000
Cost end of year	50,000
Amortisation and impairment losses beginning of year	(10,000)
Amortisation for the year	(10,000)
Amortisation and impairment losses end of year	(20,000)
Carrying amount end of year	30,000

8 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	721,480	119,383
Cost end of year	721,480	119,383
Depreciation and impairment losses beginning of year	(105,484)	(32,630)
Depreciation for the year	(112,328)	(27,771)
Depreciation and impairment losses end of year	(217,812)	(60,401)
Carrying amount end of year	503,668	58,982

9 Contract work in progress

	2022 DKK	2021 DKK
Contract work in progress	18,061,724	3,442,463
Progress billings regarding contract work in progress	(15,603,656)	(3,998,749)
Transferred to liabilities other than provisions	2,069,179	924,481
	4,527,247	368,195

10 Deferred tax

Deferred tax mainly relates to tax losses carried forward.

Deferred tax assets

Deferred tax assets is expected to be utilised within the next 3 to 5 years.

11 Other provisions

Other provisions consist of expected warranty obligations and expected loss on contract work in progress.

12 Other payables

	2022 DKK	2021 DKK
VAT and duties	167,737	112,480
Wages and salaries, personal income taxes, social security costs, etc. payable	65,560	691,602
Holiday pay obligation	297,134	243,671
Other costs payable	91,013	271,460
	621,444	1,319,213

13 Unrecognised rental and lease commitments

	2022 DKK	2021 DKK
Liabilities under rental or lease agreements until maturity in total	1,453,799	190,638

Unrecognised rental and lease for the period 2023-2024.

14 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where M. Grunnet Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

15 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
M. Grunnet Holding A/S, Copenhagen

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these financial statements are consistent with those applied last year.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Referring to section 32 of the Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, cost of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of goods is recognised in the income statement when the risk 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 Entity. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract work and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Entity. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary

activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Cost of sales also includes research and development costs that do not qualify for capitalisation.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, net exchange gains on payables and transactions in foreign currencies, etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with M. Grunnet Holding A/S and all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc comprise acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount. The amortisation periods used are 5 years.

Property, plant and equipment

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Plant and machinery	8 years
Other fixtures and fittings, tools and equipment	5 years

Estimated useful lives and residual values are reassessed annually.

Assets acquired on the 1st of January 2021 are depreciated based on the original estimated useful lives, that range from 1 to 8 years.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Assets costing less than DKK 31,000 are expensed in the year of acquisition.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions,

depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments and loss on contract work in progress.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Operating leases

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

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.