MWG HoldCo ApS

Staktoften 16, Trørød, DK-2950 Vedbæk

Annual Report for 1 January - 31 December 2022

CVR No 41 98 82 31

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 11/5 2023

Jens Antonsen
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 MWG HoldCo ApS for the financial year 1 January - 31 December 2022.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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.

Vedbæk, 11 May 2023

Executive Board

Thomas Stegeager Krovning	Thomas Palm Westermann

Board of Directors

Jørn Mørkeberg Nielsen Chairman	Søren Dan Johansen	Michael Serup
Jesper Bernhoft	Ulla Hartvig Plathe Tønnesen	Thomas Stegeager Kvorning
Thomas Palm Westermann	Alan Daniel Berger	

Independent Auditor's Report

To the Shareholders of MWG HoldCo ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2022 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MWG HoldCo ApS for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("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 Group 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 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company 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.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 and the Group'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 Group's and 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 Group and 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

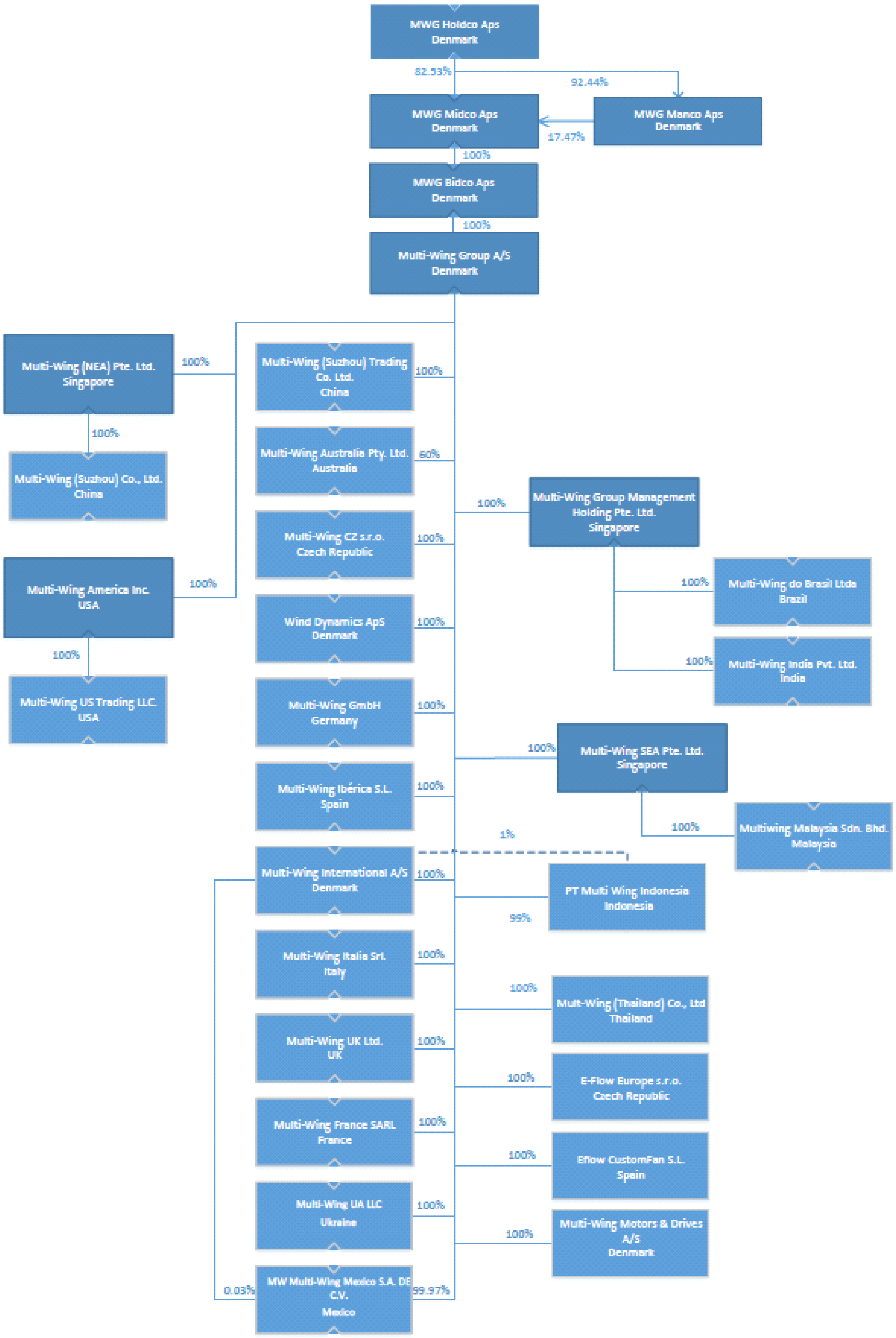
Hellerup, 11 May 2023
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild statsautoriseret revisor mne33262	Jacob Dannefer statsautoriseret revisor mne47886

Company Information

The Company	MWG HoldCo ApS Staktoften 16 Trørød DK-2950 Vedbæk CVR No: 41 98 82 31 Financial period: 1 January - 31 December Incorporated: 1 January 2021 Financial year: 2nd financial year Municipality of reg. office: Rudersdal
Board of Directors	Jørn Mørkeberg Nielsen, Chairman Søren Dan Johansen Michael Serup Jesper Bernhoft Ulla Hartvig Plathe Tønnesen Thomas Stegeager Kvorning Thomas Palm Westermann Alan Daniel Berger
Executive Board	Thomas Stegeager Krovning Thomas Palm Westermann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart



MWG Holdco Aps
Denmark
82.53%
92.44%
MWG Midco Aps
Denmark
MWG Manco Aps
Denmark
17.47%
100%
MWG Bidco Aps
Denmark
100%
Multi-Wing Group A/S
Denmark
Multi-Wing (NEA) Pte. Ltd.
Singapore
100%
Multi-Wing (Suzhou) Trading Co. Ltd.
China
100%
100%
Multi-Wing (Suzhou) Co., Ltd.
China
Multi-Wing Australia Pty. Ltd.
Australia
60%
100%
Multi-Wing Group Management Holding Pte. Ltd.
Singapore
Multi-Wing CZ s.r.o.
Czech Republic
100%
Multi-Wing America Inc.
USA
100%
Wind Dynamics ApS
Denmark
100%
100%
Multi-Wing do Brasil Ltda
Brazil
100%
Multi-Wing India Pvt. Ltd.
India
100%
Multi-Wing US Trading LLC
USA
Multi-Wing GmbH
Germany
100%
100%
Multi-Wing SEA Pte. Ltd.
Singapore
Multi-Wing Ibérica S.L.
Spain
100%
100%
Multiwing Malaysia Sdn. Bhd.
Malaysia
1%
Multi-Wing International A/S
Denmark
100%
PT Multi Wing Indonesia
Indonesia
99%
Multi-Wing Italia Srl.
Italy
100%
100%
Mult-Wing (Thailand) Co., Ltd
Thailand
Multi-Wing UK Ltd.
UK
100%
100%
E-Flow Europe s.r.o.
Czech Republic
Multi-Wing France SARL
France
100%
100%
Eflow CustomFan S.L.
Spain
Multi-Wing UA LLC
Ukraine
100%
100%
Multi-Wing Motors & Drives A/S
Denmark
0.03%
MW Multi-Wing Mexico S.A. DE C.V.
Mexico
99.97%

Financial Highlights

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

	Group	
	2022	2021
	TDKK	TDKK
Key figures		
Profit/loss		
Revenue	784,564	179,798
Gross profit/loss	311,251	56,330
Profit/loss before financial income and expenses	31,449	-33,107
Net financials	-53,287	-15,007
Normalized EBITDA	190,332	5,487
Net profit/loss for the year	-37,830	-50,276
Balance sheet		
Balance sheet total	1,823,163	1,711,001
Equity	743,137	772,531
Cash flows		
Cash flows from:		
- operating activities	16,059	-80,520
- investing activities	-78,097	-1,219,411
including investment in property, plant and equipment	-24,016	0
- financing activities	84,944	1,375,288
Change in cash and cash equivalents for the year	22,906	75,357
Number of employees	415	392
Ratios		
Gross margin	39.7%	31.3%
Profit margin	4.0%	-18.4%
Return on assets	1.7%	-1.9%
Solvency ratio	40.8%	45.2%
Return on equity	-5.0%	-13.0%

For definition, see section in accounting policies.

Management's Review

Key activities

The Multi-Wing Group develops, design, produce, markets, sells and supplies a flexible and modular variety of axial impellers utilized in engine cooling, commercial refrigeration, industrial ventilation and HVAC applications. The activities include axial impellers, high-performance fan solutions as well as services and related replacement parts.

About Multi-Wing Group

Multi-Wing is the world's leading expert and dedicated manufacturer of tailor-made axial fans and high-performance Fan solutions. For over 60 years, Multi-Wing has designed and built custom axial fans for radiator and engine cooling, ventilation, air conditioning, heating and refrigeration markets all over the world.

Multi-Wing Group was originally founded by Finn Sigurd Andersen in 1938 as a local company trading hand tools and oil filters with small customers in Denmark. Today we support customers globally and meet their complex air-moving requirements. Multi-Wing's engineered axial fans are comprised of various blade and hub configurations, based on each application's performance requirements.

The key to success is our innovative modular system that allows us to create a very wide range of axial fans custom made for the specific application and tailor-made for customer needs. These capabilities have enabled Multi-Wing Group to expand into the market for fan solutions, where the axial fans are crucial for the efficiency of our customers.

High-strength, diecast aluminum hubs are combined with high-efficiency blade profiles, which are moulded in engineered thermoplastics or die cast in aluminum. Machining, assembly, trimming and balancing are performed under the best and ISO 9001:2015 certified conditions to create the perfect axial fan to match our customers' needs.

Development in the year

The income statement of the Group for 2022 shows a loss of TDKK 37,830, and on 31 December 2022 the balance sheet of the Group shows equity of TDKK 743,137.

Management's Review

The past year and follow-up on development expectations from last year

2022 was a year of focus on growth and preparing for the future. The Group managed to grow revenue to DKK 785m.

The profit before financial income and expenses, is negatively affected by the support from consultants, who have helped to identify the full potential of the group, including actions across all of the entities to meet this potential. In addition, the group incurred significant costs related to restructuring of some operational entities. The cost related to temporary support and restructurings is not considered recurring cost, and hence the underlying profit before financial income and expenses increased from a loss of DKK 26,8m in 2021, to a profit of DKK 97,4m in 2022.

The net profit for the year amounts to a loss of DKK 37,8m against a loss of DKK 50,3m last year. Adjusting for the special items, the underlying net profit is DKK 28,2m compared to a loss of DKK 44,0m in 2021.

Risk Management

As a result of its operations, investments and financing, the Group is exposed to volatility in raw material prices, freight rates, exchange rates and interest rates.

The impeller components are cast in aluminum and engineered thermoplastics. In addition, fan solutions is exposed to external sourcing of other components. As freight prices have increased, freight has become a relatively larger part of the cost for delivering the goods and offerings to customers. The markets for the components, materials and freight are somewhat cyclical and are sensitive to increasing oil prices and, to some extent, the development of the USD exchange rate.

Increases in freight and raw material prices are in large transferred to our customers following the contractual terms and conditions.

Due to its international footprint, the Group is exposed to fluctuations in foreign currencies.

Changes in the interest levels may affect the financial result. The need for hedging the interest exposure is evaluated on an ongoing basis, in order to mitigate potential future risks.

Management’s Review

Targets and expectations for the year ahead

The uncertainty to the business environment is higher than ever before. Following a year with a lot of changes, both in terms of uncertainty and new opportunities, we still have limited predictability into the full year of 2023. However, we do expect to grow our core-markets, as well as the new fan solutions, potentially with a higher growth share in fan solutions. The growing share of fan solutions is expected to dilute the gross margin. The volatility in raw materials through out 2022 has put some pressure on the gross margin, which is expected to continue into 2023, partly offset by the lower level of freight prices seen in the end of 2022 and 2023.

Based on the current outlook, revenue is expected to increase by at least 10% and possibly higher, while a portion of the anticipated increase in profit is expected to be invested in strategic initiatives to further strengthen the future for the Group. The Group expects to continue to have positive operating cash-flows in 2023, although the ongoing investments will have a negative impact on the total cash flow.

The Multi-Wing Group will continue to participate in various development projects with large global customers and research institutes. It is a resource-consuming process, but is considered important to drive significant opportunities for long-lasting cooperation and new developments.

Research and development

The Group has ongoing development projects, which are driven by the expectations of future demand as well as the potential development of the technology involved.

The major part of development projects is related to the development of new types of fans with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU lead to an increased focus and demand for this type of fans.

In addition, the Group initiated an investment in the development of a new group-wide IT system, including both ERP and CRM, with the purpose to strengthen the business support and transparency, and enable the ambitious plans for the coming years.

All development projects carried out by the Group, are aiming to reach a business-viable state, where the outcome of the project is brought to market and to generate future revenue. Uncertainties relates to external factors, and the most critical part is to ensure that new offerings and products meet theUS and EU standards.

Intellectual capital resources

With the ambition to be the market leader, the Group is focused on the attracting and retaining a highly skilled workforce, as well as being at the forefront of the latest technologies in its core competency areas. The main objective is to work with innovative approaches that will improve and streamline the interaction with customers.

Management's Review

Statement of corporate social responsibility

Business model

The Group's main activities are to develop, produce and supply components and spare parts for axial impellers utilized in engine cooling and HVAC applications.

Production is outsourced to suppliers whereas customization and assembly are carried out in regional hubs.

Companies included in the Group are operating globally, and in recent years the Group has consolidated its position in the global marketplace.

Policies

Multi-Wing Group's social responsibility policies include our environmental and climate policy. Our environment and climate policy is based on environmentally and energy-efficient management and is a natural part of the group's objectives.

Having experienced an increasing focus on climate among most of our customers as well as regulatory requirements for different standards, we continuously look to improve the environmental footprint of the group. The Multi-Wing Group Code of Conduct reflects the group´s values in key areas such as environment and climate, human rights, labor rights, and anti-corruption.

In addition, the group continues to assess future suppliers in relation to requirements, now set out in our Code of Conduct, to avoid the group being associated with companies that do not share our values.

Impact on the climate and external environment

Multi-Wing Group is environmentally conscious and is working at reducing the environmental impact of the group's activities.

Driven by regulators, demands and customer expectations, the group has a constant focus on energy optimization of our solutions. Our impellers are among the most efficient within our business segments which is considered to have a positive environmental impact of the industries to which the impellers are supplied, even further than the potential positive impact of internal initiatives.

Multi-Wing Group has incorporated an environmental management system into the group's main assembly facilities in China, USA and the Czech Republic. The system is certified according to the ISO 14001 standard, and the facilities are audited by a third party annually in accordance with the ISO standard.

No reportable deviations to the ISO 14001 standard have been recorded during the year.

As our modular and scalable impellers are assembled locally, inproximity of our customers, we are doing our outmost to optimize and reduce our transportation footprint.

Management's Review

Weactively work toward a more transparent climate footprint and for the first time we have mapped our scope 3 emissions for 2022. Going forward, we plan to implement reduction targets for our carbon footprint in line with The Science Based Targets initiative (SBTi).

Social rights and employee policy

The Multi-Wing code of conduct as well as the Equality and Diversity policy, are both important tools in ensuring a comprehensive framework for the organization to ensure a fair treatment and work environment for all staff members. The group considers the physical and the psychosocial work environment to be important focus areas. Several sections of the code of conduct and Equality and Diversity policy address these matters, such as diversity and health and safety, the outcome of which is included below.

From 2022 and onward we will be monitoring our unadjusted gender pay gap, in order to work actively to minimise a potential gap.

The last statutory employee survey was carried out in 2022. The outcome of the survey has been analysed at group level, and each entity has chosen a few focus areas for the coming year. The work with the focus areas has continued in 2023.

Our employee survey is one of many tools that is used to analyse the status of the organisation. It allows the group to identify what motivates employees and track employee satisfaction and loyalty. We expect to conduct the next employee survey in 2024.

Human rights

The main risk identified in relation to human rights is the risk of unequal treatment and harassment of any kind. It is important that our sites remain free from all forms of discrimination, intimidation, and harassment. An environment where employees can maximize their potential is only possible when each person is treated fairly and with respect. Employees are expected to comply with this principle. Multi-Wing Group is committed to enforcing this principle at all levels within the organization. A company policy, covering equality and diversity has been formulated and shared with all employees, in order to underline the importance of this matter.

It is the responsibility of every manager to be observant of the work environment among the employees, and whether any bullying or sexual harassment takes place. The group also strongly emphasizes the importance that everyone takes on a responsibility that their department and thus the cooperation between individual employees work well. Both managers and employees are therefore responsible for acting if bullying or harassment takes place.

During 2022, Management has continuously emphasized, in various ways and forms of communication, the importance of this matter to minimize the risk of matters not being reported to Management.

In 2022 no harassment or discrimination incidents were reported.

Management is continuously evaluating the need for further initiatives or training, to enforce human rights, equality and the embracement of diversity within the organization. The Group has initiated a training for managers, regarding Inclusion and Diversity in Q1 2023 which is to be completed during Q2 2023.

Anti-corruption

No significant risks have been identified in relation to anti-corruption. The reason for this is primarily that Multi-Wing Group is B2B oriented, why attempts at corruption are rare, and we have not experienced such in the past several years.
It is strictly forbidden to give or receive any form of promises when gifts are exchanged. The Multi-Wing Group and its employees must never participate in any form of bribery, accept gifts or other illegal types of remuneration of any kind in business relations with customer, suppliers, government agencies or other decision-makers, for the purpose of establishing or maintaining a business relationship. Offers of representation or entertainment may only be accepted if it lies within good business practice. The principles of anti-corruption are formulated within the company policies, which is made available to all employees. As per these principles, all relevant employees, meaning managers as well as key employees exposed to either customers or suppliers, are trained and need to pass a test relating to anti-corruption and anti-bribery. This is mandatory. This training is also applicable for new employees in relevant functions. The feedback from employees has been positive, and the employee engagement on this important topic is good.

For 2022, Multi-Wing Group experienced 0 cases related to anticorruption and anti-bribery. Relevant training will be a recurring action in 2023, to keep the awareness and engagement high. The Group is aiming to have 0 incidents relating to anti-corruption and antibribery.

In case of doubt as to how to interpret the above in a specific case, the group's employees should always contact their immediate manager or HR for guidance.

Data ethics

In 2022 Multi-Wing Group has formed and approved a new data ethics policy, that outlines how we handle data and which ethical considerations there may be associated with this.

Our policy outlines guidelines on how Multi-Wing Group processes data and principles to be assessed when handling data. When Multi-Wing Group processes personal data or design, purchases or implement technologies, especially new technologies, for processing of personal data, the principles for data ethics described below must be assessed and included in the considerations during the design process and/or prior to the purchase or implementation of the processing activity or the technology used for the processing of personal data.

These principles are necessity, legality, ethical design, expectations, security, transparency and a respect for human rights. E.g., only personal data which is necessary to fulfill the purpose of the processing activity shall be collected and processed. For example, it shall be considered whether it is possible to achieve the purpose of the processing with anonymized data instead.

Our data gathering is limited, as the Group is only processing business related data, and do not use advanced technologies such as artificial intelligence, advanced algorithms, data surveillance etc. Neither does the Group make data available for any third parties.

The Group complies with current regulations around personal data and GDPR. Multi-Wing does not store sensitive data, besides necessary data related to the employees of the Multi-Wing Group.

Our policy is available to employees on the intranet, with the purpose of ensuring the employees' access to the applicable principles for data ethics for the Group. In addition to this, we ensure that employees who, as a part of their job with the Multi-Wing Group, process personal data or are engaged in designing, purchasing or implementing technologies for the processing of personal data, receive training in the principles for data ethics.

Statement on gender composition

It is Multi-Wing's policy to place the best person in a position regardless of their gender, orientation, ethnic origin, religious beliefs, or other private considerations.

The Board of Directors aims to ensure that its members complement each other in the best possible way with respect to age, experience, nationality, gender, etc. for the purpose of ensuring a competent and versatile contribution to the work of the board in Multi-Wing Group. These factors are taken into account when new candidates for the Board of Directors are identified, and the nomination of candidates will always be based on an assessment of their competences, how they match the group's requirements and how they will contribute to the overall efficiency of the Board of Directors.

To ensure a sound and balanced gender composition across the company, leadership team and in the management team, management encourages managers to ensure qualified candidates from both genders for job interviews at all levels, and when top candidates are equally qualified, to select a gender of the underrepresented gender. To support the growth of talents of the underrepresented gender, training and development opportunities is offered. The Group is currently considering to expand these offerings with mentoring opportunities in 2023.

The goal for board of directors was to have 14% of the board members to be women (equivalent to 1 woman) by 2023. In 2022 the board was increased with 3 newly appointed board members. The share of women in the Multi-Wing Group board of directors is now 12,5% (2021: 0%). The goal for the board of directors is to have 25% of the board members to be women (equivalent to 2 women) by 2025.

The share of women in the Leadership team is 22% (2021: 37%). The goal for the management levels is that it consists of 25% women by 2025.

Management's Review

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have not been subject to any uncertainty.

Unusual events

The financial position on 31 December 2022 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022 have not been affected by any unusual events.

Subsequent events

No events have occurred after the balance sheet date which significantly affects the Group's financial position.

Income Statement 1 January - 31 December

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Revenue	1	**784,564**	**179,798**	**0**	**0**
Work on own account recognised in assets		4,055	0	0	0
Other operating income		3,373	0	0	0
Expenses for raw materials and consumables		-287,153	-58,658	0	0
Other external expenses		-193,588	-64,810	-46	-126
Gross profit/loss		**311,251**	**56,330**	**-46**	**-126**
Staff expenses	2	-186,922	-57,126	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-92,880	-32,311	0	0
Profit/loss before financial income and expenses		**31,449**	**-33,107**	**-46**	**-126**
Financial income	4	13,148	3,761	0	0
Financial expenses	5	-66,435	-18,768	0	0
Profit/loss before tax		**-21,838**	**-48,114**	**-46**	**-126**
Tax on profit/loss for the year	6	-15,992	-2,162	0	28
Net profit/loss for the year		**-37,830**	**-50,276**	**-46**	**-98**

Balance Sheet 31 December

Assets

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Completed development projects		10,321	8,229	0	0
Patents and technology		160,456	172,196	0	0
Product contracts		278,912	291,047	0	0
Goodwill		835,707	847,507	0	0
Development projects in progress		15,153	12,962	0	0
Intangible assets	7	**1,300,549**	**1,331,941**	**0**	**0**
Land and buildings		7,857	6,769	0	0
Other fixtures and fittings, tools and equipment		38,569	32,889	0	0
Leasehold improvements		3,161	1,037	0	0
Property, plant and equipment	8	**49,587**	**40,695**	**0**	**0**
Investments in subsidiaries	9	0	0	821,356	812,152
Deposits	10	15,307	5,033	0	0
Fixed asset investments		**15,307**	**5,033**	**821,356**	**812,152**
Fixed assets		**1,365,443**	**1,377,669**	**821,356**	**812,152**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2022	2021	2022	2021
		TDKK	TDKK	TDKK	TDKK
Inventories	11	**156,457**	**113,409**	**0**	**0**
Trade receivables		164,045	104,862	0	0
Receivables from group enterprises		0	0	3,500	0
Other receivables		21,304	29,417	575	0
Deferred tax asset	14	5,750	4,861	28	28
Corporation tax		4,238	71	0	0
Corporation tax receivable from group enterprises		0	0	0	575
Prepayments	12	5,147	5,355	0	0
Receivables		**200,484**	**144,566**	**4,103**	**603**
Current asset investments		**2,516**	**0**	**0**	**0**
Cash at bank and in hand		**98,263**	**75,357**	**0**	**0**
Currents assets		**457,720**	**333,332**	**4,103**	**603**
Assets		**1,823,163**	**1,711,001**	**825,459**	**812,755**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Share capital		502	500	502	500
Share premium account		815,150	811,652	815,150	811,652
Reserve for development costs		19,871	16,529	0	0
Reserve for exchange rate conversion		3,422	6,502	0	0
Retained earnings		-110,474	-67,197	-144	-98
Equity attributable to shareholders of the Parent Company		**728,471**	**767,986**	**815,508**	**812,054**
Minority interests		14,666	4,545	0	0
Equity		**743,137**	**772,531**	**815,508**	**812,054**
Provision for deferred tax	14	103,136	107,706	0	0
Provisions		**103,136**	**107,706**	**0**	**0**
Credit institutions		757,251	727,328	0	0
Lease obligations		991	650	0	0
Long-term debt	15	**758,242**	**727,978**	**0**	**0**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2022	Group 2021	Parent company 2022	Parent company 2021
		TDKK	TDKK	TDKK	TDKK
Credit institutions	15	62,137	10,052	0	0
Lease obligations	15	3,440	412	0	0
Trade payables		33,057	46,581	0	125
Payables to group enterprises		0	0	9,306	0
Corporation tax		20,025	14,588	575	575
Other payables		99,989	31,153	70	1
Short-term debt		**218,648**	**102,786**	**9,951**	**701**
Debt		**976,890**	**830,764**	**9,951**	**701**
Liabilities and equity		**1,823,163**	**1,711,001**	**825,459**	**812,755**

Distribution of profit	13
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Statement of Changes in Equity

Group

	Share capital	Share premium account	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	811,652	16,529	6,502	-67,197	767,986	4,545	772,531
Exchange rate adjustment	0	0	0	-3,080	0	-3,080	-918	-3,998
Cash capital increase	2	3,498	0	0	0	3,500	11,047	14,547
Other equity movements	0	0	0	0	0	0	-2,113	-2,113
Development costs for the year	0	0	3,342	0	-3,342	0	0	0
Net profit/loss for the year	0	0	0	0	-39,935	-39,935	2,105	-37,830
Equity at 31 December	**502**	**815,150**	**19,871**	**3,422**	**-110,474**	**728,471**	**14,666**	**743,137**

Parent company

	Share capital	Share premium account	Reserve for development costs	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
Equity at 1 January	500	811,652	0	0	-98	812,054	0	812,054
Cash capital increase	2	3,498	0	0	0	3,500	0	3,500
Net profit/loss for the year	0	0	0	0	-46	-46	0	-46
Equity at 31 December	**502**	**815,150**	**0**	**0**	**-144**	**815,508**	**0**	**815,508**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021	2021
		TDKK	TDKK
Net profit/loss for the year		-37,830	-50,276
Adjustments	16	158,935	56,109
Change in working capital	17	-35,985	-71,346
Cash flows from operating activities before financial income and expenses		**85,120**	**-65,513**
Financial income		13,148	3,761
Financial expenses		-62,027	-18,768
Cash flows from ordinary activities		**36,241**	**-80,520**
Corporation tax paid		-20,182	0
Cash flows from operating activities		**16,059**	**-80,520**
Purchase of intangible assets		-8,240	-1,219,411
Purchase of property, plant and equipment		-24,016	0
Fixed asset investments made etc		-10,274	0
Sale of intangible assets		613	0
Sale of property, plant and equipment		1,660	0
Business acquisition		-37,840	0
Cash flows from investing activities		**-78,097**	**-1,219,411**
Reduction of lease obligations		-699	0
Lease obligations incurred		4,069	0
Raising of loans from credit institutions, etc.		67,027	563,176
Purchase of treasury shares		0	812,112
Cash capital increase		14,547	0
Cash flows from financing activities		**84,944**	**1,375,288**
Change in cash and cash equivalents		**22,906**	**75,357**
Cash and cash equivalents at 1 January		75,357	0
Cash and cash equivalents at 31 December		**98,263**	**75,357**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		98,263	75,357
Cash and cash equivalents at 31 December		**98,263**	**75,357**

Notes to the Financial Statements

1 Revenue

With reference to the Danish Financial Statements act (Årsregnskabsloven) § 96, section 1 the company has excluded the information on segments as the market only includes a limited number of competitors and disclosing the information could be harmful to the company's business.

2 Staff expenses

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	157,801	57,126	0	0
Pensions	15,752	0	0	0
Other social security expenses	3,995	0	0	0
Other staff expenses	9,374	0	0	0
	186,922	**57,126**	**0**	**0**
Including remuneration to the Executive Board	**1,993**	**281**	**0**	**0**
Average number of employees	**415**	**392**	**0**	**0**

3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
Amortisation of intangible assets	79,491	19,076	0	0
Depreciation of property, plant and equipment	13,389	13,235	0	0
	92,880	**32,311**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK

4 Financial income

Other financial income	13,148	3,761	0	0
	13,148	**3,761**	**0**	**0**

5 Financial expenses

Other financial expenses	66,435	18,768	0	0
	66,435	**18,768**	**0**	**0**

6 Tax on profit/loss for the year

Current tax for the year	23,248	5,339	0	0
Deferred tax for the year	-7,256	-3,177	0	-28
	15,992	**2,162**	**0**	**-28**

Notes to the Financial Statements

7 Intangible assets

Group

	Completed development projects	Patents and technology	Product contracts	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	8,951	176,110	297,662	861,649	12,962
Exchange adjustment	232	0	0	-215	0
Net effect from merger and acquisition	0	0	8,066	32,767	0
Additions for the year	185	0	0	0	8,055
Disposals for the year	0	0	0	0	-613
Transfers for the year	5,251	0	0	0	-5,251
Cost at 31 December	14,619	176,110	305,728	894,201	15,153
Impairment losses and amortisation at 1 January	722	3,914	6,615	14,142	0
Exchange adjustment	158	0	0	221	0
Amortisation for the year	3,418	11,740	20,201	44,131	0
Impairment losses and amortisation at 31 December	4,298	15,654	26,816	58,494	0
Carrying amount at 31 December	**10,321**	**160,456**	**278,912**	**835,707**	**15,153**

The major part group’s development projects are related to the development of new types of axial impellers with a particular focus on noise reduction and energy optimization. the projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for these types of axial impellers.

In addition, development costs for development of a new cloud-based ERP system are also recognised in the balance sheet. The development has progressed as planned and is expected to be rolled out in 2023 and 2024.

Notes to the Financial Statements

8 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 January	7,759	42,916	2,301
Exchange adjustment	-1,259	-5,779	5,536
Additions for the year	3,189	18,893	1,934
Disposals for the year	0	-3,133	-162
Cost at 31 December	9,689	52,897	9,609
Impairment losses and depreciation at 1 January	990	10,027	1,264
Exchange adjustment	-620	-5,395	4,588
Depreciation for the year	1,462	11,169	758
Reversal of impairment and depreciation of sold assets	0	-1,473	-162
Impairment losses and depreciation at 31 December	1,832	14,328	6,448
Carrying amount at 31 December	**7,857**	**38,569**	**3,161**

Notes to the Financial Statements

	Parent company	
	2022	2021
	TDKK	TDKK
9 Investments in subsidiaries		
Cost at 1 January	812,152	0
Additions for the year	9,204	812,152
Carrying amount at 31 December	**821,356**	**812,152**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
MWG Midco ApS	Denmark	TDKK 41	83%
MWG Manco ApS	Denmark	TDKK 14.605	92%

10 Other fixed asset investments

	Group
	Deposits
	TDKK
Cost at 1 January	5,033
Additions for the year	10,274
Cost at 31 December	15,307
Carrying amount at 31 December	**15,307**

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
11 Inventories				
Raw materials and consumables	156,457	113,409	0	0
	156,457	**113,409**	**0**	**0**

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
13 Distribution of profit				
Minority interests' share of net profit/loss of subsidiaries	2,105	392	0	0
Retained earnings	-39,935	-50,668	-46	-98
	-37,830	**-50,276**	**-46**	**-98**

14 Provision for deferred tax

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Provision for deferred tax at 1 January	102,845	0	-28	0
Amounts recognised in the income statement for the year	-7,256	-3,177	0	-28
Additions through business combinations	1,797	106,022	0	0
Provision for deferred tax at 31 December	**97,386**	**102,845**	**-28**	**-28**

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	Group 2022	Group 2021	Parent company 2022	Parent company 2021
Credit institutions				
After 5 years	757,251	727,328	0	0
Long-term part	757,251	727,328	0	0
Other short-term debt to credit institutions	62,137	10,052	0	0
	819,388	**737,380**	**0**	**0**
Lease obligations				
Between 1 and 5 years	991	650	0	0
Long-term part	991	650	0	0
Within 1 year	3,440	412	0	0
	4,431	**1,062**	**0**	**0**

Notes to the Financial Statements

16 Cash flow statement - adjustments

	Group 2022 TDKK	Group 2021 TDKK
Financial income	-13,148	-3,761
Financial expenses	66,435	18,768
Depreciation, amortisation and impairment losses, including losses and gains on sales	92,880	32,311
Tax on profit/loss for the year	15,992	2,162
Exchange rate adjustments	-3,224	6,629
	158,935	**56,109**

17 Cash flow statement - change in working capital

	Group 2022 TDKK	Group 2021 TDKK
Change in inventories	-42,737	-11,411
Change in receivables	-48,122	-7,444
Change in trade payables, etc	54,874	-52,491
	-35,985	**-71,346**

18 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	Group 2022 TDKK	Group 2021 TDKK	Parent company 2022 TDKK	Parent company 2021 TDKK
Land and buildings with a booked value of	7,857	6,769	0	0

Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations (continued)

The parent company, MWG HoldCo ApS:
As security for credit institute engagements:

• A first pledge is given on any outstanding amounts with MWG BidCo ApS
• A surety (primary liability) provided to MWG BidCo ApS for any outstanding amounts
• A first ranking pledge of its shares
• Assignment of Material Intra-Group Loans

At Group level:
As security for credit institute engagements:

• Letter of indemnity, floating company charge of 10.000 DKK’000 are given in group entities IP rights, operating equipment, stocks, and receivables with a carrying value of 203.950 DKK’000.
• A first pledge is given from Multi-Wing International A/S on any outstanding amounts with Multi-Wing Group A/S

Rental and lease obligations

Lease obligations for warehouses and other premises	25,276	29,203	0	0
Operational leasing arrangements of cars, equipment and IT	832	3,328	0	0

Other contingent liabilities

The Company and its Danish subsidiaries are jointly taxed with the Danish companies of Nortre Administration ApS. The total amount of corporation tax payable is disclosed in the Annual Report of Nortre Administration ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company’s liability.

Notes to the Financial Statements

19 Related parties

Basis

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.

Ownership

The following shareholders are recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

20 Fee to auditors appointed at the general meeting

	Group		Parent company	
	2022	2021	2022	2021
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	850	850	28	45
Other assurance engagements	194	187	28	60
Tax advisory services	50	50	5	20
	1,094	**1,087**	**61**	**125**

Notes to the Financial Statements

21 Accounting Policies

The Annual Report of MWG HoldCo ApS for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, MWG HoldCo ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

21 Accounting Policies (continued)

Business combinations

Business acquisitions

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Notes to the Financial Statements

21 Accounting Policies (continued)

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

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 Group.

Notes to the Financial Statements

21 Accounting Policies (continued)

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise to distribution, sale, advertising, administration, premises, losses onreceivables, lease payments under operating leases etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including holiday pay and pensions and other costs to social secu-rity to the company's employees. there is deducted received compensation from public authority in staff costs.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

21 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-5 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	16 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	2-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

Notes to the Financial Statements

21 Accounting Policies (continued)

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Notes to the Financial Statements

21 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

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.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Equity

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 for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets 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 within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

21 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

21 Accounting Policies (continued)

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

21 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$