MWG HoldCo ApS

Staktoften 16, Trørød, DK-2950 Vedbæk

Annual Report for 2023

CVR No. 41 98 82 31

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 7/5 2024

Jesper Bernhoft
Chairman of the
general meeting

Contents

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 2023.

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 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows 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.

Vedbæk, 7 May 2024

Executive Board

Thomas Stegeager Kvorning	Rune Berkowitz Wichmann

Board of Directors

Jørn Mørkeberg Nielsen Chairman	Søren Dan Johansen	Michael Serup
Jesper Bernhoft	Ulla Hartvig Plathe Tønnesen	Rune Berkowitz Wichmann
Thomas Stegeager Kvorning	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 2023 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 2023 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 2023, 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 Financial 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.

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 Parent 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 Parent Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

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 Group´s and the Parent 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 Group´s and the Parent 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 Parent 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.

Independent Auditor's report

Hellerup, 7 May 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Ulrik Ræbild	Jacob Dannefer
State Authorised Public Accountant	State Authorised Public Accountant
mne33262	mne47886

Company information

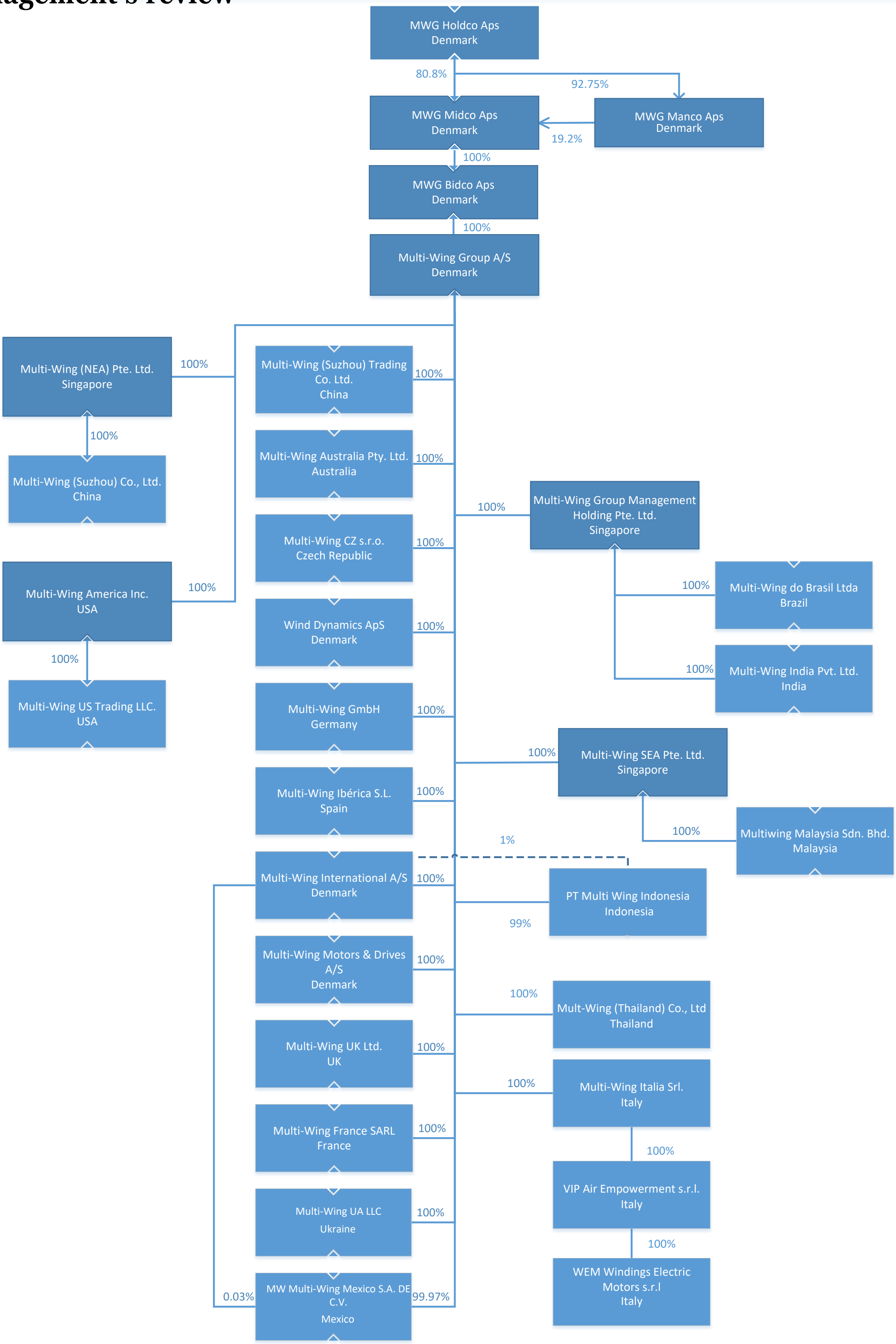
The Company	MWG HoldCo ApS Staktoften 16, Trørød DK-2950 Vedbæk CVR No: 41 98 82 31 Financial period: 1 January - 31 December Incorporated: 1 January 2021 Financial year: 3rd financial year Municipality of reg. office: Rudersdal
Board of Directors	Jørn Mørkeberg Nielsen, chairman Søren Dan Johansen Michael Serup Jesper Bernhoft Ulla Hartvig Plathe Tønnesen Rune Berkowitz Wichmann Thomas Stegeager Kvorning Alan Daniel Berger
Executive Board	Thomas Stegeager Kvorning Rune Berkowitz Wichmann
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

Seen over a 3-year period, the development of the Group is described by the following financial highlights:

	Group		
	2023	2022	2021
	TDKK	TDKK	TDKK
Key figures			
Profit/loss			
Revenue	832,904	784,564	179,798
Gross profit	299,930	311,251	56,330
Normalized EBITDA	145,898	190,332	5,487
Profit/loss of primary operations	-18,807	31,449	-33,107
Profit/loss of financial income and expenses	-93,641	-53,287	-15,007
Net profit/loss for the year	-135,073	-37,830	-50,276
Balance sheet			
Balance sheet total	1,916,750	1,823,163	1,711,001
Investment in property, plant and equipment	25,748	24,016	0
Equity	608,466	743,137	772,531
Cash flows			
Cash flows from:			
- operating activities	-19,282	16,059	-80,520
- investing activities	-214,353	-78,097	-1,219,411
- financing activities	208,611	84,944	1,375,288
Number of employees	476	415	392
Ratios			
Gross margin	36.0%	39.7%	31.3%
Profit margin	-2.3%	4.0%	-18.4%
Return on assets	-1.0%	1.7%	-1.9%
Solvency ratio	31.7%	40.8%	45.2%
Return on equity	-20.0%	-5.0%	-13.0%

For definition, see section in accounting policies.


MWG Holdco Aps
Denmark
80.8%
92.75%
MWG Midco Aps
Denmark
19.2%
MWG Manco Aps
Denmark
100%
MWG Bidco Aps
Denmark
100%
Multi-Wing Group A/S
Denmark
Multi-Wing (NEA) Pte. Ltd.
Singapore
100%
100%
Multi-Wing (Suzhou) Co., Ltd.
China
Multi-Wing America Inc.
USA
100%
100%
Multi-Wing US Trading LLC.
USA
Multi-Wing (Suzhou) Trading Co. Ltd.
China
100%
Multi-Wing Australia Pty. Ltd.
Australia
100%
Multi-Wing CZ s.r.o.
Czech Republic
100%
Wind Dynamics ApS
Denmark
100%
Multi-Wing GmbH
Germany
100%
Multi-Wing Ibérica S.L.
Spain
100%
Multi-Wing International A/S
Denmark
100%
Multi-Wing Motors & Drives A/S
Denmark
100%
Multi-Wing UK Ltd.
UK
100%
Multi-Wing France SARL
France
100%
Multi-Wing UA LLC
Ukraine
100%
0.03%
MW Multi-Wing Mexico S.A. DE C.V.
Mexico
99.97%
100%
Multi-Wing Group Management Holding Pte. Ltd.
Singapore
100%
Multi-Wing do Brasil Ltda
Brazil
100%
Multi-Wing India Pvt. Ltd.
India
100%
Multi-Wing SEA Pte. Ltd.
Singapore
100%
Multiwing Malaysia Sdn. Bhd.
Malaysia
1%
PT Multi Wing Indonesia
Indonesia
99%
100%
Mult-Wing (Thailand) Co., Ltd
Thailand
100%
Multi-Wing Italia Srl.
Italy
100%
VIP Air Empowerment s.r.l.
Italy
100%
WEM Windings Electric Motors s.r.l
Italy

Key activities

MWG Holdco Aps develops, designs, produces, 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.

Finn Sigurd Andersen founded Multi-Wing Group 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 molded 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 2023 shows a loss of DKK 135.1m, and on 31 December 2023 the balance sheet of the Group shows equity of DKK 608.5m.

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

2023 was a year of focus on growth and preparing for the future. The Group managed to grow revenue to DKK 833m. corresponding to a 6% growth compared to last year and slightly below expectations.

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 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 as recurring cost, and hence the underlying profit before financial income and expenses decreased from a profit of DKK 97,4m in 2022 to a profit of DKK 46.8m in 2023.

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 are 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 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 results are 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, to mitigate potential future risks.

Targets and expectations for the year ahead

The uncertainty to the business environment remains high. 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 volatility in raw materials throughout 2023 has put some pressure on the gross margin, which is expected to continue into the first half of 2024, partly offset by the lower level of freight prices seen in the end of 2023.

Based on the current outlook, revenue is expected to increase by around 10%, 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 deliver a "normalized EBITDA" around DKK 170m - 200m. The Group expects to continue to have positive operating cash-flows in 2024, although the ongoing investments and increase in interest rate 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.

A 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 led to an increased focus and demand for this type of fan.

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 of strengthening 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 relate to external factors, and the most critical part is to ensure that new offerings and products meet the US and EU standards.

Intellectual capital resources

With the ambition to be the market leader, the Group is focused on 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 interaction with customers.

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 are 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 as well as our social and governance aspect of the business. 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, in proximity to our customers, we are doing our utmost to optimize and reduce our transportation footprint.

A climate and environmental risk in our operation are the use-phase of our products, that require energy. It is not within our control on which energy grid the products are being used and thus there is a risk for significant.

CO2e emission from the use of product on energy grid that have less renewable energy. To mitigate this, we are working actively on ensuring that our products use as little energy as possible.

We actively work toward a more transparent climate footprint and in 2023 we committed to the Science Based Targets Initiative (SBTi) as well as United Nations Global Compact. We have made a clear roadmap for our decarbonization both in our own operations as well as in our supplier chain. We are committed to a 90% absolute reduction in our scope 1 and 2 by 2030 and net-zero in 2050 for scope 1, 2 and 3. In 2023 we also partnered with our loan providers to obtain Sustainable Linked Loan, with separate ESG targets for the coming years, linking our interest rate to our sustainability performance.

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.

We are working closely with our suppliers to ensure any potential risk for employee-related accidents in the value chain is being minimized and we regularly conduct visit on-site to our suppliers where we can inspect the safety at their sites as well as at our own sites.

From 2022 and onward we have been monitoring our unadjusted gender pay gap, to work actively to minimize a potential gap. This is work we have also been doing in 2023 and have been looking into how we can monitor it as adjusted gender pay gap. We are working on implementing a new HR system in 2024 to accommodate this.

The last statutory employee survey was carried out in 2022. The outcome of the survey has been analyzed at group level, and each entity has chosen a few focus areas for the coming year. We are planning to conduct a new employee survey in 2024.

Our employee survey is one of many tools that is used to analyze the status of the organization. It allows the group to identify what motivates employees and track employee satisfaction and loyalty.

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, 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 works well. Both managers and employees are therefore responsible for acting if bullying or harassment takes place.

During 2023, 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 2023 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 training for managers regarding Inclusion and Diversity which is conducted annually to ensure every manager is up to date on inclusion and diversity.

No significant risks have been identified in relation to anti-corruption. The reason for this is primarily that Multi-Wing Group is B2B oriented, which is why attempts at corruption are rare, and we have not experienced such in the past several years.

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, which is 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 they lie within good business practice. The principles of anti-corruption are formulated within the company policies, which are 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.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.

For 2023, Multi-Wing Group experienced 0 cases related to anticorruption and anti-bribery. Relevant training will be a recurring action in 2024, to keep 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

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 does not use advanced technologies such as artificial intelligence, advanced algorithms, data surveillance etc. Neither does the Group make data available to 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 considered 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 were continuously offered in 2023 and will be offered going forward.

In 2023 the board of directors consist of 8 people and the share of women in the Multi-Wing Group board of directors is 12,5% (2022: 12,5%) equivalent to 1 woman. The goal for the board of directors is to have 25% of the board members to be women (equivalent to 2 women) by 2025, we are remaining the same goal as last year.

Board of Directors	2022	2023
Total number of members	8	8
Underrepresented gender in %	12,5	12,5
Goal in %	25	25
Year for reaching the goal	2025	2025

The leadership team consist of 8 people, and the share of women in the Leadership team is 13% (2022: 22%). The goal for management levels remains the same with the goal of having the leadership team consists of 25% women by 2025. We always aim to hire and promote the best people no matter the gender, and we firmly believe that this approach will result in an increase of the underrepresented gender in the future. This has also been the approach in 2023, and in addition, we are planning to expand the Leadership team in 2024.

Leadership team	2022	2023
Total number of members	9	8
Underrepresented gender in %	22	13
Goal in %	25	25
Year for reaching the goal	2025	2025

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 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2023 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		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Revenue	1	832,904	784,563	0	0
Work on own account recognised in assets		15,414	4,055	0	0
Other operating income		423	3,373	0	0
Expenses for raw materials and consumables		-353,217	-287,153	0	0
Other external expenses		-195,594	-193,588	-232	-46
Gross profit		**299,930**	**311,250**	**-232**	**-46**
Staff expenses	2	-219,602	-186,922	0	0
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-99,135	-92,880	0	0
Profit/loss before financial income and expenses		**-18,807**	**31,448**	**-232**	**-46**
Financial income	4	4,807	13,149	0	0
Financial expenses	5	-98,448	-66,435	-19	0
Profit/loss before tax		**-112,448**	**-21,838**	**-251**	**-46**
Tax on profit/loss for the year	6	-22,625	-15,992	37	0
Net profit/loss for the year	7	**-135,073**	**-37,830**	**-214**	**-46**

Balance sheet 31 December

Assets

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Completed development projects		7,997	10,321	0	0
Patent and technology		168,164	160,456	0	0
Product contracts		306,381	278,912	0	0
Goodwill		857,606	835,707	0	0
Development projects in progress		53,745	15,153	0	0
Intangible assets	8	**1,393,893**	**1,300,549**	**0**	**0**
Land and buildings		14,290	7,857	0	0
Other fixtures and fittings, tools and equipment		50,751	38,569	0	0
Leasehold improvements		2,653	3,161	0	0
Property, plant and equipment	9	**67,694**	**49,587**	**0**	**0**
Investments in subsidiaries	10	0	0	820,539	821,356
Deposits	11	17,485	15,307	0	0
Fixed asset investments		**17,485**	**15,307**	**820,539**	**821,356**
Fixed assets		**1,479,072**	**1,365,443**	**820,539**	**821,356**
Inventories	12	**167,882**	**156,457**	**0**	**0**
Trade receivables		139,418	164,045	0	0
Receivables from group enterprises		0	0	18,414	3,500
Other receivables		39,043	23,820	0	575
Deferred tax asset	14	6,000	5,750	0	28
Corporation tax		1,907	4,238	65	0
Prepayments	13	10,189	5,147	0	0
Receivables		**196,557**	**203,000**	**18,479**	**4,103**

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		**73,239**	**98,263**	**0**	**0**
Current assets		**437,678**	**457,720**	**18,479**	**4,103**
Assets		**1,916,750**	**1,823,163**	**839,018**	**825,459**

Balance sheet 31 December

Liabilities and equity

	Note	Group 2023	Group 2022	Parent company 2023	Parent company 2022
		TDKK	TDKK	TDKK	TDKK
Share capital		509	502	509	502
Share premium account		0	815,150	0	815,150
Reserve for development costs		48,158	19,871	0	0
Reserve for exchange rate conversion		-4,519	3,422	0	0
Retained earnings		552,303	-110,474	829,719	-144
Equity attributable to shareholders of the Parent Company		**596,451**	**728,471**	**830,228**	**815,508**
Minority interests		12,015	14,666	0	0
Equity		**608,466**	**743,137**	**830,228**	**815,508**
Provision for deferred tax	14	125,969	103,136	0	0
Provisions		**125,969**	**103,136**	**0**	**0**
Credit institutions		941,798	757,251	0	0
Lease obligations		3,194	991	0	0
Long-term debt	15	**944,992**	**758,242**	**0**	**0**
Credit institutions	15	83,913	62,137	0	0
Lease obligations	15	1,241	3,440	0	0
Trade payables		53,893	33,057	0	0
Payables to group enterprises		0	0	8,715	9,306
Corporation tax		5,903	19,450	0	0
Payables to group enterprises relating to corporation tax		0	575	0	575
Other payables		92,373	99,989	75	70
Short-term debt		**237,323**	**218,648**	**8,790**	**9,951**
Debt		**1,182,315**	**976,890**	**8,790**	**9,951**
Liabilities and equity		**1,916,750**	**1,823,163**	**839,018**	**825,459**

Balance sheet 31 December

Liabilities and equity

		Group		Parent company	
	Note	2023	2022	2023	2022
		TDKK	TDKK	TDKK	TDKK
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Fee to auditors appointed at the general meeting	20				
Subsequent events	21				
Accounting Policies	22				

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	502	815,150	19,871	3,422	-110,474	728,471	14,666	743,137
Exchange adjustments	0	0	0	-7,941	0	-7,941	-229	-8,170
Cash capital increase	7	13,522	0	0	0	13,529	1,405	14,934
Other equity movements	0	0	0	0	-2,928	-2,928	-3,434	-6,362
Development costs for the year	0	0	28,287	0	-28,287	0	0	0
Net profit/loss for the year	0	0	0	0	-134,680	-134,680	-393	-135,073
Transfer from share premium account	0	-828,672	0	0	828,672	0	0	0
Equity at 31 December	**509**	**0**	**48,158**	**-4,519**	**552,303**	**596,451**	**12,015**	**608,466**

Parent company

	Share capital	Share premium account	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	502	815,150	-144	815,508
Cash capital increase	7	14,927	0	14,934
Net profit/loss for the year	0	0	-214	-214
Transfer from share premium account	0	-830,077	830,077	0
Equity at 31 December	**509**	**0**	**829,719**	**830,228**

Cash flow statement 1 January - 31 December

		Group	
	Note	2023	2022
		TDKK	TDKK
Result of the year		-135,073	-37,830
Adjustments	16	204,819	158,934
Change in working capital	17	18,881	-35,985
Cash flow from operations before financial items		**88,627**	**85,119**
Financial income		329	13,149
Financial expenses		-82,445	-62,027
Cash flows from ordinary activities		**6,511**	**36,241**
Corporation tax paid		-25,793	-20,182
Cash flows from operating activities		**-19,282**	**16,059**
Purchase of intangible assets		-40,115	-8,240
Purchase of property, plant and equipment		-25,748	-24,016
Fixed asset investments made etc		-2,178	-10,274
Sale of intangible assets		0	613
Sale of property, plant and equipment		823	1,660
Business acquisition		-147,135	-37,840
Cash flows from investing activities		**-214,353**	**-78,097**
Reduction of lease obligations		0	-699
Raising of loans from credit institutions		193,677	67,027
Lease obligations incurred		0	4,069
Cash capital increase		14,934	14,547
Cash flows from financing activities		**208,611**	**84,944**
Change in cash and cash equivalents		**-25,024**	**22,906**
Cash and cash equivalents at 1 January		98,263	75,357
Cash and cash equivalents at 31 December		**73,239**	**98,263**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		73,239	98,263
Cash and cash equivalents at 31 December		**73,239**	**98,263**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

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	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	185,387	157,801	0	0
Pensions	17,539	15,752	0	0
Other social security expenses	9,729	3,995	0	0
Other staff expenses	13,696	9,374	0	0
	226,351	**186,922**	**0**	**0**
Transfer to production wages	-6,749	0	0	0
	-6,749	**0**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors	**14,224**	**13,216**	**2,111**	**1,993**
Average number of employees	**476**	**415**	**0**	**0**

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

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Amortisation of intangible assets	82,463	79,491	0	0
Depreciation of property, plant and equipment	16,672	13,389	0	0
	99,135	**92,880**	**0**	**0**

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
4. Financial income				
Other financial income	4,807	13,149	0	0
	4,807	**13,149**	**0**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
5. Financial expenses				
Other financial expenses	98,448	66,435	0	0
Exchange adjustments, expenses	0	0	19	0
	98,448	**66,435**	**19**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
6. Income tax expense				
Current tax for the year	25,590	23,248	-55	0
Deferred tax for the year	6,282	-7,256	28	0
Adjustment of tax concerning previous years	-11,427	0	-10	0
Adjustment of deferred tax concerning previous years	2,180	0	0	0
	22,625	**15,992**	**-37**	**0**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
7. Profit allocation				
Minority interests' share of net profit/loss of subsidiaries	-393	2,105	0	0
Retained earnings	-134,680	-39,935	-214	-46
	-135,073	**-37,830**	**-214**	**-46**

8. Intangible fixed assets

Group

	Completed develop-ment projects	Patent and technology	Product contracts	Goodwill	Develop-ment projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	14,619	176,110	305,728	894,201	15,153
Exchange adjustment	-142	0	0	0	-4
Net effect from merger and acquisition	39	9,149	0	0	0
Additions for the year	115	10,992	48,389	67,171	40,003
Disposals for the year	-498	0	0	0	0
Transfers for the year	1,407	0	0	0	-1,407
Cost at 31 December	15,540	196,251	354,117	961,372	53,745
Impairment losses and amortisation at 1 January	4,298	15,654	26,816	58,494	0
Exchange adjustment	-95	0	0	0	0
Amortisation for the year	3,838	12,433	20,920	45,272	0
Reversal of impairment and amortisation of sold assets	-498	0	0	0	0
Impairment losses and amortisation at 31 December	7,543	28,087	47,736	103,766	0
Carrying amount at 31 December	**7,997**	**168,164**	**306,381**	**857,606**	**53,745**

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 2024.

9. Property, plant and equipment
Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	TDKK	TDKK	TDKK
Cost at 1 January	9,689	52,897	9,609
Exchange adjustment	-1,699	-1,858	-485
Net effect from merger and acquisition	9,525	3,300	0
Additions for the year	45	24,549	1,154
Disposals for the year	0	-1,662	-580
Cost at 31 December	17,560	77,226	9,698
Impairment losses and depreciation at 1 January	1,832	14,328	6,448
Exchange adjustment	265	-1,139	-197
Depreciation for the year	1,173	14,508	991
Impairment and depreciation of sold assets for the year	0	0	-197
Reversal of impairment and depreciation of sold assets	0	-1,222	0
Impairment losses and depreciation at 31 December	3,270	26,475	7,045
Carrying amount at 31 December	**14,290**	**50,751**	**2,653**
Amortised over	15-20 years	3-5 years	2-5 years

	Parent company	
	2023	2022
	TDKK	TDKK

10. Investments in subsidiaries

	2023 TDKK	2022 TDKK
Cost at 1 January	821,356	812,152
Additions for the year	288	9,204
Disposals for the year	-1,105	0
Cost at 31 December	820,539	821,356
Carrying amount at 31 December	**820,539**	**821,356**

Investments in subsidiaries are specified as follows:

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

11. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 January	15,307
Additions for the year	2,178
Cost at 31 December	17,485
Carrying amount at 31 December	**17,485**

12. Inventories

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	167,882	156,457	0	0
	167,882	**156,457**	**0**	**0**

13. Prepayments

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

14. Provision for deferred tax

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
Deferred tax liabilities at 1 January	97,386	102,845	-28	0
Additions through business combinations	14,076	1,797	0	0
Amounts recognised in the income statement for the year	8,507	-7,256	28	0
Amounts recognised in equity for the year	0	0	0	-28
Deferred tax liabilities at 31 December	**119,969**	**97,386**	**0**	**-28**
Recognised in the balance sheet as follows:				
Assets	6,000	5,750	0	28
Provisions	-125,969	-103,136	0	0
	119,969	**97,386**	**0**	**-28**

15. Long-term debt

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

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 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Credit institutions				
After 5 years	0	757,251	0	0
Between 1 and 5 years	941,798	0	0	0
Long-term part	941,798	757,251	0	0
Other short-term debt to credit institutions	83,913	62,137	0	0
	1,025,711	**819,388**	**0**	**0**

Notes to the Financial Statements

15. Long-term debt

	Group 2023	Group 2022	Parent company 2023	Parent company 2022
	TDKK	TDKK	TDKK	TDKK
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	3,194	991	0	0
Long-term part	3,194	991	0	0
Within 1 year	1,241	3,440	0	0
	4,435	**4,431**	**0**	**0**

16. Cash flow statement - Adjustments

	Group 2023	Group 2022
	TDKK	TDKK
Financial income	-4,807	-13,149
Financial expenses	98,448	66,435
Depreciation, amortisation and impairment losses, including losses and gains on sales	99,135	92,880
Tax on profit/loss for the year	22,625	15,992
Exchange adjustments	0	-3,224
Other adjustments	-10,582	0
	204,819	**158,934**

17. Cash flow statement - Change in working capital

	Group 2023	Group 2022
	TDKK	TDKK
Change in inventories	13,201	-42,737
Change in receivables	11,925	-48,122
Change in trade payables, etc	-6,245	54,874
	18,881	**-35,985**

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

The parent company, MWG HoldCo ApS:
As security for credit institute engagements:
• A first pledge is given on any outstanding amounts with MWG MIdco ApS
• A surety (primary liability) provided to MWG Midco 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.
• 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

	Group 2023 TDKK	Group 2022 TDKK	Parent company 2023 TDKK	Parent company 2022 TDKK
Lease obligations for warehouses and other premises	58,956	25,276	0	0
Operational leasing arrangements of cars, equipment and IT	8,978	832	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.

19. Related parties

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.

Notes to the Financial Statements

	Group		Parent company	
	2023	2022	2023	2022
	TDKK	TDKK	TDKK	TDKK
20. Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	1,130	850	0	0
Other assurance engagements	298	194	0	0
Tax advisory services	345	50	0	0
	1,773	**1,094**	**0**	**0**

21. Subsequent events

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

Notes to the Financial Statements

22. Accounting policies

The Annual Report of MWG HoldCo ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2023 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.

Business combinations

Business acquisitions carried through on or after 1 July 2018

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. 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 acquistition of subsidiaries.

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.

Segment information on 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.

Notes to the Financial Statements

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.

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 other Danish companies in the Multi-Wing Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

Balance sheet

Intangible fixed 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 year.

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 year.

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 contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	15-20 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 and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

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.

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.

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.

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 liabilities

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.

Notes to the Financial Statements

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 .

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity