AB Inventech Group ApS

E Christensens Vej 76, 7430 Ikast

CVR no. 42 73 22 57

Annual report 2023

Approved at the Company's annual general meeting on 28 June 2024

Chair of the meeting:

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Knud Andersen

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of AB Inventech Group 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2023 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Ikast, 28 June 2024
Executive Board:

Niels Kirkegaard
CEO

Board of Directors:

Knud Andersen Chairman	Øjvind Hulgaard	Mads Kirkegaard
Kent Keiward Pham	Vibeke Bjerregaard Risvig	Sven Henrik Ragnar Flygar

Independent auditor's report

To the shareholder of AB Inventech Group ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of AB Inventech Group ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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 Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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:

Independent auditor's report

- 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Herning, 28 June 2024
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Stier	Christian Jøker
State Authorised Public Accountant	State Authorised Public Accountant
mne42245	mne31471

Management's review

Company details

Name	AB Inventech Group ApS
Address, Postal code, City	E Christensens Vej 76, 7430 Ikast
CVR no.	42 73 22 57
Established	30 September 2021
Financial year	1 January - 31 December
Board of Directors	Knud Andersen, Chairman Øjvind Hulgaard Mads Kirkegaard Kent Keiward Pham Vibeke Bjerregaard Risvig Sven Henrik Ragnar Flygar
Executive Board	Niels Kirkegaard, CEO
Auditors	EY Godkendt Revisionspartnerselskab Dalgasgade 27, 3. sal, 7400 Herning, Denmark
Bankers	Jyske Bank Sølvgade 24, 7400 Herning

Management's review

Financial highlights for the Group

DKK'000	2023 12 months	2021/22 15 months
Key figures		
Gross profit/loss	48,358	28,636
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	-8,553	-19,940
Profit before interest and tax (EBIT)	-21,601	-32,863
Net financials	-4,785	-2,845
Profit/loss for the year	-23,071	-31,566
Non-current assets	105,616	111,983
Current assets	70,561	51,773
Total assets	176,177	163,756
Investments in property, plant and equipment	-423	-941
Share capital	40	40
Equity	69,133	82,834
Non-current liabilities	39,422	45,425
Current liabilities	67,622	35,497
Cash flows from operating activities	-19,834	-20,381
Net cash flows from investing activities	-4,567	-161,385
Cash flows from financing activities	3,863	158,739
Total cash flows	-20,538	-23,027
Financial ratios		
Return on assets	-12.6%	-20.1%
Current ratio	104.3%	145.9%
Equity ratio	39.2%	50.6%
Return on equity	-30.4%	-76.2%

The financial ratios stated under "Financial highlights" have been calculated as follows:

Return on assets $$\frac{\text{Profit/loss from operating activites x 100}}{\text{Average assets}}$$

Current ratio $$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$$

Equity ratio $$\frac{\text{Equity, year-end x 100}}{\text{Total equity and liabilities, year-end}}$$

Return on equity $$\frac{\text{Profit/loss after tax x 100}}{\text{Average equity}}$$

Management's review

Business review

The group's main activities are to develop, design, produce, install and service special machines and industrial machines that streamline customers' production processes.

The parent company's main activity is to own shares in subsidiaries.

Recognition and measurement uncertainties

During the financial year, the Company carried out impairment tests on the recognised goodwill. The impairment test did not give rise to a write-down of the carrying values. Due to the market situation in the financial markets, several significant assumptions for the impairment test are associated with considerable uncertainty, including management's expectations for the company's budget for the coming years, growth rate during the terminal period and discount factor. If the assumptions used develop negatively, there may be a need to make write-downs in future financial years.

Financial review

The income statement for 2023 shows a loss of DKK 23,071 thousand against a loss of DKK 31,566 thousand last year, and the balance sheet at 31 December 2023 shows equity of DKK 69,133 thousand. The profit for the year is therefore below expectations, which is primarily due to postponement of the delivery time on several significant projects. The management therefore finds the result for the year unsatisfactory.

The company's management continuously assesses the company's liquidity, financing and capital situation. Based on management's expectations and the current budget and forecast for 2024, which show an expected EBITDA in the range of DKK 5-8 million and a total cash flow for the year in the range of DKK 4-6 million, it is the management's opinion that the available liquidity and financing are sufficient to cover the company's activities for a period of at least 12 months after the balance sheet date.

Knowledge resources

AB Inventech continuously expands knowledge resources within the main activity. Management believes that these knowledge resources are essential to achieve the planned development of the company.

Financial risks and use of financial instruments

Management estimates that the company is not affected by special risks in addition to ordinary business risks in the industry.

Impact on the external environment

AB Inventech A/S has established an Environmental and Working Environment Policy that is communicated internally in the organisation and externally where it is considered relevant, e.g. to customers. We will continuously work to achieve improvements within the environment and working environment.

We are working towards a culture where zero accidents at work are considered a matter of course, and it is our goal to have a certifiable occupational health and safety management system according to ISO 45001 by the end of 2025 at the latest.

In close collaboration with the owners, we are systematically working towards 100% EU taxonomy adjustment in our most important economic activity. In parallel, work is being done to reduce greenhouse gas emissions in accordance with the targets of the Paris Agreement in the three categories Scope 1, 2 and 3. In this connection, several energy-saving activities have been carried out with the involvement of employees, and investments have been made in a photovoltaic system, so that solar cell power will be able to make up approx. 25% of the consumption, in addition, an agreement has been made with the energy company that all other electricity must be green power.

Our goal is to have a certifiable environmental management system according to ISO 14001 by the end of 2024 at the latest.

Management's review

Research and development activities

Development activities are carried out continuously by the company in order to maintain the company's market position, which primarily concerns special machinery and applications within the wind turbine industry. Significant development activities are also planned for the coming financial year.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

Outlook

At the beginning of 2024, there is a good order backlog and a large growth in inquiries and proposals, which gives management a reasonable belief in significant growth and positive operations for the financial year 2024. Management believes that the group has good prospects for a positive return on capital, which in the long term may exceed the annual costs for financing and depreciation of goodwill. For the financial year 2024, management expects an EBITDA between DKK 5 and 8 million for the group, and a profit before tax between DKK 3 and 5 million.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

Note	DKK'000	Group 2023 12 months	Group 2021/22 15 months	Parent company 2023 12 months	Parent company 2021/22 15 months
	Gross profit/loss	48,358	28,636	-499	-5,538
5	Staff costs	-56,676	-48,576	0	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-13,048	-12,923	-11,622	-11,622
	Other operating expenses	-235	0	0	0
	Profit/loss before net financials	-21,601	-32,863	-12,121	-17,160
	Income from investments in group enterprises	0	0	-8,515	-12,666
	Financial income	9	15	8	2
6	Financial expenses	-4,794	-2,860	-3,271	-2,238
	Profit/loss before tax	-26,386	-35,708	-23,899	-32,062
7	Tax for the year	3,315	4,142	828	496
	Profit/loss for the year	-23,071	-31,566	-23,071	-31,566

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2023	2021/22	2023	2021/22
	ASSETS				
	Non-current assets				
9	**Intangible assets**				
	Completed development projects	0	358	0	0
	Acquired intangible assets	891	620	0	0
	Goodwill	92,975	104,597	0	0
	Development projects in progress and prepayments for intangible assets	7,430	3,697	0	0
		101,296	109,272	0	0
10	**Property, plant and equipment**				
	Plant and machinery	938	1,231	0	0
	Fixtures and fittings, other plant and equipment	882	1,480	0	0
	Leasehold improvements	152	0	0	0
		1,972	2,711	0	0
11	**Financial assets**				
	Investments in group entities	0	0	95,191	133,663
12	Deferred tax assets	2,348	0	1,324	496
		2,348	0	96,515	134,159
	Total non-current assets	105,616	111,983	96,515	134,159
	Current assets				
	Inventories				
	Raw materials and consumables	7,585	5,706	0	0
		7,585	5,706	0	0
	Receivables				
	Trade receivables	32,888	26,270	0	0
13	Construction contracts	24,264	17,664	0	0
	Receivables from group entities	1,327	0	257	0
	Other receivables	480	1,007	0	0
14	Prepayments	1,214	1,022	0	0
		60,173	45,963	257	0
	Cash	2,803	104	2,783	8
	Total current assets	70,561	51,773	3,040	8
	TOTAL ASSETS	176,177	163,756	99,555	134,167

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2023	Group 2021/22	Parent company 2023	Parent company 2021/22
	EQUITY AND LIABILITIES				
	Equity				
15	Share capital	40	40	40	40
	Retained earnings	69,093	82,794	69,093	82,794
	Total equity	69,133	82,834	69,133	82,834
	Liabilities				
16	**Non-current liabilities**				
12	Deferred tax	0	968	0	0
17	Other provisions	2,582	2,117	0	0
	Bank debt	32,767	38,151	24,767	38,151
	Lease liabilities	0	222	0	0
	Other payables	4,073	3,967	0	0
	Total non-current liabilities	39,422	45,425	24,767	38,151
	Current liabilities				
	Bank debt	32,160	8,923	5,550	5,560
16	Lease liabilities	222	123	0	0
13	Construction contracts	16,033	13,540	0	0
	Trade payables	10,659	4,705	20	20
	Payables to group entities	0	0	0	7,602
	Other payables	5,138	5,281	85	0
18	Deferred income	3,410	2,925	0	0
	Total current liabilities	67,622	35,497	5,655	13,182
	Total liabilities	107,044	80,922	30,422	51,333
	TOTAL EQUITY AND LIABILITIES	176,177	163,756	99,555	134,167

1 Accounting policies
2 Recognition and measurement uncertainties
3 Capital ratio
4 Events after the balance sheet date
8 Appropriation of profit/loss
19 Contractual obligations and contingencies, etc.
20 Security and collateral
21 Related parties

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	Cash payments concerning formation of enterprise	40	0	40
	Transfer through appropriation of loss	0	-31,566	-31,566
	Contribution from group	0	114,360	114,360
	Equity at 1 January 2023	40	82,794	82,834
	Transfer through appropriation of loss	0	-23,071	-23,071
	Contribution from group	0	9,370	9,370
	Equity at 31 December 2023	40	69,093	69,133

		Parent company		
Note	DKK'000	Share capital	Retained earnings	Total
	Cash payments concerning formation of enterprise	40	0	40
8	Transfer, see "Appropriation of profit/loss"	0	-31,566	-31,566
	Contribution from group	0	114,360	114,360
	Equity at 1 January 2023	40	82,794	82,834
8	Transfer, see "Appropriation of profit/loss"	0	-23,071	-23,071
	Contribution from group	0	9,370	9,370
	Equity at 31 December 2023	40	69,093	69,133

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2023 12 months	Group 2021/22 15 months
	Profit/loss for the year	-23,071	-31,566
22	Adjustments	15,217	12,352
	Cash generated from operations (operating activities)	-7,854	-19,214
23	Changes in working capital	-7,195	6,863
	Cash generated from operations (operating activities)	-15,049	-12,351
	Interest received, etc.	9	2
	Interest paid, etc.	-4,794	-2,846
	Income taxes paid	0	-5,186
	Cash flows from operating activities	-19,834	-20,381
	Additions of intangible assets	-3,909	-1,744
	Disposals of intangible assets	-235	0
	Additions of property, plant and equipment	-423	-941
24	Acquisition of companies and activities	0	-157,951
	Loan expenses (capitalised)	0	-749
	Cash flows to investing activities	-4,567	-161,385
	Proceeds of debt to credit institutions	8,000	50,000
	Group Contribution	9,370	114,360
	Repayments, long-term bank debt	-13,384	-5,500
	Repayments, finance leases	-123	-121
	Cash flows from financing activities	3,863	158,739
	Net cash flow	-20,538	-23,027
	Cash and cash equivalents at 1 January	-3,269	0
	Cash and Cash equivalents at 31 December 2021 (AB Inventech A/S)	0	19,758
25	**Cash and cash equivalents at 31 December**	-23,807	-3,269

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of AB Inventech Group ApS for 2023 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and group entities controlled by the Parent Company.

Control means a parent company's power to direct a group entity's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual group entities' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of group entities are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of group entities which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Comparative figures are not restated to reflect newly acquired entities.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit/loss

The items revenue, cost of sales and external expenses have been aggregated into one item in the income statement called gross profit/loss in accordance with section 32 of the Danish Financial Statements Act.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The cost net of the expected residual value for completed development projects and acquired software is amortised over the expected useful life.

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

The amortisation period is assessed to give a true and fair view of the expected economic life of the asset due to the fact that the profits of the industry has been large, historically, and the future cash flow generated from here is expected to accumulate the goodwill value over the 10-year horizon.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Acquired intangible assets	5 years
Goodwill	10 years

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Plant and machinery	5 years
Fixtures and fittings, other plant and equipment	3-5 years

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses on the sale of non-current assets.

Profit/loss from investments in group entities

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In group entities, the full elimination of internal profit and loss is carried out without regard to ownership shares.

The proportionate share of the individual group entities' profit/loss after tax after full elimination of internal gains/losses are recognised in the parent company's income statement.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Financial income and expenses

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

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish group entities. Group entities are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 10 years.

Other intangible assets include development projects and other acquired intangible rights, including software licences.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Investments in group entities

Equity investments in group entities are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in group entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash and cash equivalents include cash and bank deposits.

Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

Warranty commitments include expenses for remedial action in respect of the contract work within the warranty period of 2 years. Provisions for warranty commitments are measured at net realisable value and recognised based on past experience.

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the group entities' income taxes vis à vis the tax authorities as the group entities pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Other payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

2 Recognition and measurement uncertainties

During the financial year, the Company carried out impairment tests on the recognised goodwill. The impairment test did not give rise to a write-down of the carrying values. Due to the market situation in the financial markets, several significant assumptions for the impairment test are associated with great uncertainty, including management's expectations for the company's budget for the coming years, growth rate during the terminal period and discount factor. If the assumptions used develop negatively, there may be a need to make write-downs in future financial years.

3 Capital ratio

As a result of this and previous years' losses, the company's liquidity situation has in periods been under pressure. For a period of time, this has indicated an uncertainty that could raise doubts about the adequacy of the liquidity and financing. The company's management continuously assesses the company's liquidity, financing and capital ratio. The company therefore relies on dividends from its subsidiary. Based on management's expectations as well as available budget and forecast for 2024, which shows a profit before interest and depreciation in the range of DKK 10-12 million and a total for the year at the level of DKK 4-6 million for the subsidiary, it is the management's opinion that the available liquidity and financing is sufficient to cover the company's activities for a period of at least 12 months after the balance sheet date.

4 Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence this annual report.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	Group 2023 12 months	Group 2021/22 15 months	Parent company 2023 12 months	Parent company 2021/22 15 months
5	**Staff costs**				
	Wages/salaries	50,896	46,314	0	0
	Pensions	4,808	1,287	0	0
	Other social security costs	972	975	0	0
		56,676	48,576	0	0
	Average number of full-time employees	88	85	0	0
	Remuneration to members of Management:				
	Executive Board	458	250	0	0
	Board of Directors	3,120	3,297	0	0
		3,578	3,547	0	0

Parent company

The parent Company has no employees.

	DKK'000	Group 2023 12 months	Group 2021/22 15 months	Parent company 2023 12 months	Parent company 2021/22 15 months
6	**Financial expenses**				
	Interest expenses, group entities	0	203	0	106
	Other financial expenses	4,794	2,657	3,271	2,132
		4,794	2,860	3,271	2,238
7	**Tax for the year**				
	Deferred tax adjustments in the year	-3,315	-4,142	-828	-496
		-3,315	-4,142	-828	-496
8	**Appropriation of profit/loss**				
	Recommended appropriation of profit/loss				
	Retained earnings/accumulated loss			-23,071	-31,566
				-23,071	-31,566

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

9 Intangible assets

DKK'000	Group Completed development projects	Acquired intangible assets	Goodwill	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2023	382	2,703	116,219	3,697	123,001
Additions	0	534	0	3,833	4,367
Disposals	-482	0	0	0	-482
Transferred	100	0	0	-100	0
Cost at 31 December 2023	0	3,237	116,219	7,430	126,886
Impairment losses and amortisation at 1 January 2023	24	2,083	11,622	0	13,729
Amortisation for the year	0	263	11,622	0	11,885
Reversal of accumulated amortisation and impairment of assets disposed	-24	0	0	0	-24
Impairment losses and amortisation at 31 December 2023	0	2,346	23,244	0	25,590
Carrying amount at 31 December 2023	0	891	92,975	7,430	101,296
Amortised over	5 years	5 years	10 years		

Development projects in progress

Development projects in progress include development and testing of facilities to improve the efficiency of production in the wind turbine industry. Costs primarily consist of internal costs in the form of direct wages and materials purchased.

The new facility is expected to bring significant competitive advantages and increase the level of activity of the company from the end of 2023.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

10 Property, plant and equipment

	Group			
DKK'000	Plant and machinery	Fixtures and fittings, other plant and equipment	Leasehold improvements	Total
Cost at 1 January 2023	4,358	5,071	0	9,429
Additions	249	10	164	423
Cost at 31 December 2023	4,607	5,081	164	9,852
Impairment losses and depreciation at 1 January 2023	3,127	3,591	0	6,718
Depreciation	542	608	12	1,162
Impairment losses and depreciation at 31 December 2023	3,669	4,199	12	7,880
Carrying amount at 31 December 2023	938	882	152	1,972
Property, plant and equipment include finance leases with a carrying amount totalling	71	0	0	71
Depreciated over	5 years	3-5 years		

Note 20 provides more details on security for loans, etc. as regards property, plant and equipment.

11 Financial assets

DKK'000
Cost at 1 January 2023
Additions
Cost at 31 December 2023
Value adjustments at 1 January 2023
Dividend received
Profit/loss for the year
Amortisation af goodwill
Value adjustments at 31 December 2023
Carrying amount at 31 December 2023

Investments in group enterprises consists partly of recognized goodwill. Goodwill amounts to DKK 93 million.

Parent company

Name	Domicile	Interest
Subsidiaries		
AB Inventech A/S	Ikast, Denmark	100.00%

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2023	2021/22	2023	2021/22
12	**Deferred tax**				
	Deferred tax at 1 January	968	0	-496	0
	Adjustment of deferred tax for the year	-3,316	968	-828	-496
	Deferred tax at 31 December	-2,348	968	-1,324	-496

		Group		Parent company	
	DKK'000	2023	2021/22	2023	2021/22
13	**Construction contracts**				
	Selling price of work performed	141,115	64,996	0	0
	Progress billings	-132,884	-60,872	0	0
		8,231	4,124	0	0
	recognised as follows:				
	Construction contracts (assets)	24,264	17,664	0	0
	Construction contracts (liabilities)	-16,033	-13,540	0	0
		8,231	4,124	0	0

14 Prepayments

Group

Prepayments include accrual of expenses relating to subsequent financial years.

15 Share capital

The parent's share capital has remained DKK 40 thousand in the past year.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Non-current liabilities

	Group			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other provisions	2,582	0	2,582	0
Bank debt	38,317	5,550	32,767	0
Lease liabilities	222	222	0	0
Other payables	4,073	0	4,073	0
	45,194	5,772	39,422	0

	Parent company			
DKK'000	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Bank debt	30,317	5,550	24,767	0
	30,317	5,550	24,767	0

17 Other provisions

Other provisions comprise expected expenses related to warranty provisions based on the historical level of repairs and claims. The provision related to warranties amounts to DKK 1,265 thousand as at 31 December 2023 (2022: DKK 1,274 thousand).

Other provision also comprises expected losses on construction contracts. The expected loss amounts to DKK 1,316 thousand as at 31 December 2023 (2022: DKK 844 thousand) which is expected to be realised during 2024.

18 Deferred income

Deferred income consist of public subsidies received for development projects in progress. The revenue is recognised in line with the depreciation of the project.

19 Contingencies, etc.

Other financial obligations

Group

Rent and lease liabilities include a rent obligation totalling DKK 16,129 thousand in interminable rent agreements with remaining contract terms of 6-7 years.

Parent company

The Company is jointly taxed with its parent, ABI Invest Industriudvikling ApS, which acts as management company, and other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes falling due for payment on or after 31 December 2023 in the group of jointly taxed entities.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

20 Security and collateral

Group

As security for the group's debt to credit institutions, the group has provided security or other collateral in its simple receivables, inventory, operating equipment, etc. for a total amount of DKK 35 million. The total carrying amount of these assets on 31 December 2023 is DKK 60,2 million.

Parent company

As security for the subsidiary's debt to credit institutions, the parent company has provided security or other collateral in its shares of the subsidiary. The total carrying amount of the shares on 31st december 2023 is DKK 2,127 thousand.

21 Related parties

Group

AB Inventech Group ApS' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
ABI Industriudvikling ApS	Ikast	Parent company
ABI Invest Industriudvikling ApS	Farum	Parent company
Alder II AB	Sverige	Ultimate parent company

Related party transactions

DKK'000	2023	2021/22
Group		
Group Contribution from parent company	0	4,400
Management fee	166	142
Receivables from parent company	34	0
Parent Company		
Interest expenses	-203	-106
Receivable/payable from/to subsidiary	257	-7,602

Information on the remuneration to management

Information on the remuneration to Management appears from note 5, "Staff costs".

Information about security for loans relating to group entities

Information about security for loans relating to group entities appears from 20, "Security and collateral".

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
ABI Industriudvikling ApS	Ikast

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group	
	DKK'000	2023 12 months	2021/22 15 months
22	**Adjustments**		
	Amortisation/depreciation and impairment losses	13,048	12,923
	Gain/loss on the sale of non-current assets	235	9
	Provisions	464	718
	Financial income	-9	-2
	Financial expenses	4,794	2,846
	Tax for the year	0	4
	Deferred tax	-3,315	-4,146
		15,217	12,352
23	**Changes in working capital**		
	Change in inventories	-1,879	-2,415
	Change in receivables	-7,610	8,754
	Change in trade and other payables	6,401	-5,682
	Other changes in working capital (WIP)	-4,107	6,206
		-7,195	6,863
24	**Acquisition of enterprises and activities**		
	Acquisition of AB Inventech A/S	0	41,733
		0	41,733
	Goodwill	0	116,218
	Cost of acquisition paid in cash	0	157,951
25	**Cash and cash equivalents at year-end**		
	Cash according to the balance sheet	2,803	104
	Short term debt to banks	-26,610	-3,373
		-23,807	-3,269

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Niels Kirkegaard
Direktion
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IP: 213.237.xxx.xxx
2024-07-01 17:07:04 UTC

Knud Andersen
Dirigent
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2024-07-01 17:36:26 UTC

Knud Andersen
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Øjvind Hulgaard
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Mads Kirkegaard
Bestyrelse
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Christian Lindegaard Jøker
EY Godkendt Revisionspartnerselskab CVR: 30700228
Statsautoriseret revisor
På vegne af: EY Godkendt Revisionspartnerselskab
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Jesper Stier
Statsautoriseret revisor
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