
KK-Group A/S

Bøgildvej 3, DK-7430 Ikast

Annual Report for 1 January - 31 December 2022

CVR No 66 82 11 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
20/4 2023

Allan Gabriel Zandberg
Chairman of the General
Meeting



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Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Financial Statements	
Income Statement 1 January - 31 December	8
Balance Sheet 31 December	9
Statement of Changes in Equity	11
Notes to the Financial Statements	12

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KK-Group A/S for the financial year 1 January - 31 December 2022.

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

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

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Ikast, 20 April 2023

Executive Board

Mauricio Fernando Quintana
CEO

Søren Bæk Just
CFO

Board of Directors

Jan Thorsgaard Nielsen
Chairman

Simon Krogsgaard Ibsen

Jesper Ridder Olsen

Elke Elfriede Eckstein

Fabrice Roger Daniel Brégier

Paw Rosenvard

Dorrit Zenner Torp

Jacob Steffensen

Independent Auditor's Report

To the Shareholder of KK-Group A/S

Opinion

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

We have audited the Financial Statements of KK-Group A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

Independent Auditor's Report

ment, whether due to fraud or error.

In preparing the Financial Statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the

Independent Auditor's Report

disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Aarhus, 20 April 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Mads Melgaard
State Authorised Public Accountant
mne34354

Claus Lyngsø Sørensen
State Authorised Public Accountant
mne34539

Company Information

The Company

KK-Group A/S
Bøgildvej 3
DK-7430 Ikast

CVR No: 66 82 11 10
Financial period: 1 January - 31 December
Municipality of reg. office: Ikast-Brande

Board of Directors

Jan Thorsgaard Nielsen, Chairman
Simon Krogsgaard Ibsen
Jesper Ridder Olsen
Elke Elfriede Eckstein
Fabrice Roger Daniel Brégier
Paw Rosenvard
Dorrit Zenner Torp
Jacob Steffensen

Executive Board

Mauricio Fernando Quintana
Søren Bæk Just

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Financial Highlights

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Operating profit/loss	-1.348	-4.907	-3.001	168	-1.579
Profit/loss before financial income and expenses	-9.848	-4.907	-3.001	168	-1.579
Net financials	110.701	94.158	148.950	132.224	63.504
Net profit/loss for the year	100.717	91.471	145.297	132.856	62.424
Balance sheet					
Balance sheet total	1.896.150	830.496	525.120	147.513	86.535
Equity	246.812	196.095	154.548	139.251	6.395

In 2022, the company was part of a group internal merger where the comparative figures for 2021 were restated. Financial figures for 2020 and before have not been restated.

Management's Review

Key activities

KK-Group A/S acts as the parent company of the companies KK Wind Solutions A/S, KK Wind Solutions Service A/S, KK Wind Solutions Taiwan CO., Ltd., KK Wind Solutions Polska sp. z.o.o, PCH Engineering A/S and Ved Klædebo 4 ApS (together referred to as the 'Group').

In 2022, KK-Group A/S merged with PCH Investment A/S with KK-Group A/S as the continuing part. After this merger PCH Engineering A/S and Ved Klædebo 4 ApS have become direct subsidiaries in KK-Group A/S. The merger was completed under the group method and the effect on equity as of 1 January 2022 is -35,347 kDKK.

Development in the year

The income statement of the Company for 2022 shows a profit of kDKK 100,717, and at 31 December 2022 the balance sheet of the Company shows equity of kDKK 246,812.

The Company's result in 2022 is higher compared to the result in 2021, which is primarily driven by higher dividends received from subsidiaries in 2022.

Operating risks

The Group's primary activities are within the Wind Industry which are characterized by a few large Original Equipment Manufacturers (OEM's) of wind turbines. The Group has during the last years increased the product portfolio including internally developed technology to improve the levelized cost of energy of customer products.

Besides the above, the KK-Group A/S has no specific risks besides what is common to the industry.

Targets and expectations for the year ahead

The result for the Company is depending on the dividend strategy in the Group. The result for 2023 is expected to be lower than the result realized in 2022 due to an expectation of lower dividends from subsidiaries in 2023 compared to 2022.

External environment

The Company's activity being a holding company only have a limited effect on the external environment.

Events after the balance sheet date

On 28 February 2023, the transaction with Vestas to acquire their converter and controls business was closed. With the transaction the Group takes over production facilities in Denmark, China and India with a total of around 600 new employees.

Income Statement 1 January - 31 December

	Note	2022 kDKK	2021 kDKK
Gross profit/loss		0	0
Administrative expenses		-1.348	-4.907
Operating profit/loss		-1.348	-4.907
Other operating expenses		-8.500	0
Profit/loss before financial income and expenses		-9.848	-4.907
Income from investments in subsidiaries		120.000	100.000
Financial income	2	9.333	1.817
Financial expenses	3	-18.632	-7.659
Profit/loss before tax		100.853	89.251
Tax on profit/loss for the year	4	-136	2.220
Net profit/loss for the year		100.717	91.471

Distribution of profit

Proposed distribution of profit

Proposed dividend for the year	40.000	50.000
Retained earnings	60.717	41.471
	100.717	91.471

Balance Sheet 31 December

Assets

	Note	2022 kDKK	2021 kDKK
Investments in subsidiaries	5	785.166	785.166
Other investments	6	325	325
Fixed asset investments		785.491	785.491
Fixed assets		785.491	785.491
Receivables from group enterprises		12.620	33.276
Other receivables		1.096.908	303
Deferred tax asset	8	0	33
Corporation tax		1.131	2.258
Receivables		1.110.659	35.870
Cash at bank and in hand		0	9.135
Currents assets		1.110.659	45.005
Assets		1.896.150	830.496

Balance Sheet 31 December

Liabilities and equity

	Note	2022 kDKK	2021 kDKK
Share capital		7.294	7.294
Retained earnings		199.518	138.801
Proposed dividend for the year		40.000	50.000
Equity		246.812	196.095
Other payables		8.500	25.000
Long-term debt	9	8.500	25.000
Credit institutions		90	85
Trade payables		138	0
Payables to group enterprises		1.615.194	578.428
Other payables	9	25.416	30.888
Short-term debt		1.640.838	609.401
Debt		1.649.338	634.401
Liabilities and equity		1.896.150	830.496
Distribution of profit	7		
Contingent assets, liabilities and other financial obligations	10		
Subsequent events	11		
Related parties	12		
Accounting Policies	13		

Statement of Changes in Equity

	Share capital	Retained	Proposed	Total
	kDKK	earnings	dividend for the	kDKK
	kDKK	kDKK	year	kDKK
	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	7.294	174.148	50.000	231.442
Net effect from merger	0	-35.347	0	-35.347
Adjusted equity at 1 January	7.294	138.801	50.000	196.095
Dividend paid	0	0	-50.000	-50.000
Net profit/loss for the year	0	60.717	40.000	100.717
Equity at 31 December	7.294	199.518	40.000	246.812

Notes to the Financial Statements

	2022 kDKK	2021 kDKK
1 Staff		
Remuneration to the Board of Directors	1.275	1.275
Average number of employees	0	0
<p>The Executive Board has not received any remuneration.</p> <p>A.P. Møller Holding A/S has introduced a co-investment programme which are determined by the development in the value creation of the Group. The Board of Directors and the Executive Board are part of the programme. The purchase price corresponds to fair value for the shares on the grant day.</p>		
2 Financial income		
Interest received from group enterprises	284	92
Exchange rate gains	9.049	1.725
	9.333	1.817
3 Financial expenses		
Interest paid to group enterprises	8.255	6.259
Other financial expenses	2.164	642
Exchange rate loss	8.213	758
	18.632	7.659
4 Tax on profit/loss for the year		
Current tax for the year	-1.131	-2.321
Adjustment of tax concerning previous years	1.267	101
	136	-2.220

Notes to the Financial Statements

	2022 kDKK	2021 kDKK
5 Investments in subsidiaries		
Cost at 1 January	785.166	416.426
Additions for the year	0	368.740
Cost at 31 December	785.166	785.166
Carrying amount at 31 December	785.166	785.166

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
KK Wind Solutions A/S	Ikast-Brande, Denmark	100%	286.478	-6.647
KK Wind Solutions Service A/S	Ikast-Brande, Denmark	100%	68.499	28.665
KK Wind Solutions Polska Sp. Z.o.o.	Stettin, Poland	100%	90.829	21.014
KK Wind Solutions Taiwan Co., Ltd	Taichung City, Taiwan	100%	866	-11
PCH Engineering A/S	Hørsholm, Denmark	100%	91.509	21.149
Ved Klædebo 4 ApS	Hørsholm, Denmark	100%	3.723	403

6 Other fixed asset investments

	Other investments kDKK
Cost at 1 January	325
Cost at 31 December	325
Carrying amount at 31 December	325

Notes to the Financial Statements

	2022	2021
	kDKK	kDKK
7 Distribution of profit		
Proposed dividend for the year	40.000	50.000
Retained earnings	60.717	41.471
	100.717	91.471

8 Deferred tax asset

Deferred tax asset at 1 January	-33	-33
Amounts recognised in the income statement for the year	33	0
Deferred tax asset at 31 December	0	-33

9 Long-term debt

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

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	8.500	25.000
Long-term part	8.500	25.000
Within 1 year	25.000	30.000
Other short-term payables	416	888
Short-term part	25.416	30.888
	33.916	55.888

Notes to the Financial Statements

10 Contingent assets, liabilities and other financial obligations

Charges and security

KK-Group A/S has issued a joint and unlimited surety guarantee for all bank debt in KK Wind Solutions Service A/S, KK Wind Solutions A/S and KK Wind Solutions Polska Sp. Z.o.o. The net book value of bank debt amounted to DKK 0 million at 31 December 2022. KK-Group A/S has issued a surety guarantee for bank debt in KKWSH ApS limited to DKK 517 million. The net book value of bank debt amounted to DKK 1.700 million at 31 December 2022.

Contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of A.P. Møller Holding A/S, which is the management company of the joint taxation. 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.

11 Subsequent events

On 28 February 2023, the transaction with Vestas to acquire their converter and controls business was closed. With the transaction the Group takes over production facilities in Denmark, China and India with a total of around 600 new employees.

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

Notes to the Financial Statements

12 Related parties

	<u>Basis</u>
Controlling interest	
A.P. MØLLER OG HUSTRU CHASTINE MC-KINNEYMØLLERS FOND TIL ALMENE FORMAAL, Esplanaden 50, 1263 København K	Ultimate Parent Company
KKWSH ApS, Bøgildvej 3, 7430 Ikast, Denmark	Parent Company

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. Transactions between KK-Group A/S and related parties are on arm's length terms.

Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the largest and the smallest group:

<u>Name</u>	<u>Place of registered office</u>
A.P. MØLLER Holding A/S, København K, Business Registration No. 25 67 92 88	Copenhagen, Denmark
KK Wind Solutions Holding A/S, business registration no. 39 06 70 48	Ikast, Denmark

Notes to the Financial Statements

13 Accounting Policies

The Annual Report of KK-Group A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in kDKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of KK Wind Solutions Holding A/S, business registration no. 39 06 70 48 and A.P. MØLLER HOLDING A/S, København K, Business Registration No. 25 67 92 88, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of KK Wind Solutions Holding A/S, business registration no. 39 06 70 48, the Company has not prepared a cash flow statement.

Recognition and measurement

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.

Business combinations

Group method

Intragroup business combinations where subsidiaries are merged with KK-Group A/S are accounted for under the Group method (Pooling of interest method without elimination of goodwill). Under this method, the effect from acquisition accounting will remain and any goodwill etc will not be eliminated. The Group method is applied as if the two enterprises had always been combined by restating comparative figures.

Notes to the Financial Statements

13 Accounting Policies (continued)

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange rate 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.

Income Statement

Administrative expenses

Administrative expenses comprise expenses incurred for administrative functions, including salaries for administrative staff and management.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company.

Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

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.

Notes to the Financial Statements

13 Accounting Policies (continued)

The Company is jointly taxed with A.P. MØLLER HOLDING A/S. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance Sheet

Investments in subsidiaries

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

Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

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.

Equity

Dividend

Dividend distribution proposed for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

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

Notes to the Financial Statements

13 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account.

Financial debt

Debt is measured at amortised cost, which typically correspond to nominal value.