
KK-Group A/S

Bøgildvej 3, DK-7430 Ikast

Annual Report for 1 January - 31 December 2023

CVR No 66 82 11 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
22/04 2024

Allan Gabriel Zandberg
Chair of the General
Meeting



pwc

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	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Notes to the Financial Statements	13

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 2023.

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 2023 of the Company and of the results of the Company operations 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.

Ikast, 22 April 2024

Executive Board

Mauricio Fernando Quintana
CEO

Bjørn Reinhardt Mogensen
CFO

Board of Directors

Pernille Lyngvold Erenbjerg
Chair

Simon Krogsgaard Ibsen
Deputy Chair

Jesper Ridder Olsen

Elke Elfriede Eckstein

Fabrice Roger Daniel Brégier

Edin Dizdarevic

Troels Møller

Anita Vrou

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 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 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 2023, 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.

Independent Auditor's Report

- 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.

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, 22 April 2024

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

Pernille Lyngvold Erenbjerg, Chair
Simon Krogsgaard Ibsen
Jesper Ridder Olsen
Elke Elfriede Eckstein
Fabrice Roger Daniel Brégier
Edin Dizdarevic
Troels Møller
Anita Vrou

Executive Board

Mauricio Fernando Quintana
Bjørn Reinhardt Mogensen

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:

	2023	2022	2021	2020	2019
	kDKK	kDKK	kDKK	kDKK	kDKK
Key figures					
Profit/loss					
Operating profit/loss	-1.507	-1.367	-4.907	-3.001	168
Profit/loss before financial income and expenses	-1.507	-9.867	-4.907	-3.001	168
Net financials	2.036	110.836	94.158	148.950	132.224
Net profit/loss for the year	8.933	100.766	91.471	145.297	132.856
Balance sheet					
Balance sheet total	1.375.316	1.937.047	830.496	525.120	147.513
Equity	215.213	246.280	196.095	154.548	139.251

In 2023, the Company was part of a merger as the continuing company. Comparative figures for 2022 have been restated while comparative figures for 2019 - 2021 have not been restated.

Further, the Company was in 2022 part of a merger as the continuing company where comparative figures for 2021 were restated.

Consequently, the financial numbers for 2023 and 2022 lack comparability with 2019 - 2021.

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 Polska Sp. z o.o., KK Wind Solutions India Pvt. Ltd., PCH Engineering A/S, KK Wind Solutions Taiwan CO. Ltd., and KK Wind Solutions Tianjin Co. Ltd. (together referred to as the 'Group').

During 2023, KK-Group A/S merged with KK Wind Solutions International ApS with KK-Group A/S as the continuing entity. After this merger, KK Wind Solutions India Pvt. Ltd. has become a direct subsidiary in KK-Group A/S. The merger was completed under the group method and the effect on equity as of 1 January 2023 was -532 kDKK.

Development in the year

The income statement of the Company for 2023 shows a profit of kDKK 8.933, and at 31 December 2023 the balance sheet of the Company shows equity of kDKK 215.213.

The Company's result in 2023 is lower than in 2022, which is primarily driven by lower dividends received from subsidiaries in 2023 in line with expectations.

Operating risks

KK Group's primary activities are within the Wind Industry which are characterised by a few large OEMs of wind turbines. In recent years, KK Group has increased the product portfolio including internally developed technology to de-risk the business model and reduce the levelized cost of energy of customer products.

KK Group's products contain a number of electronic or mechanical components from pre-qualified suppliers who during the last few years have seen increasing material shortages. To reduce this risk, together with customers and suppliers, KK Group has expanded the list of alternative components, materials and pre-qualified suppliers as well as engaged in longer-term commitments.

KK Group A/S has no specific risks besides what is common to the industry and the above mentioned operating risk.

Expectations for 2024

The result for the Company is depending on the dividend strategy in the Group. The result for 2024 is expected to be lower than the result realised in 2023 due to an expectation of lower dividends from subsidiaries in 2024 compared to 2023.

External environment

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

Management's Review

Uncertainty relating to recognition and measurement

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

Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities of the Company for the financial year for 2023 have not been affected by any unusual events.

Subsequent events

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

Income Statement 1 January - 31 December

	Note	2023 kDKK	2022 kDKK
Gross profit/loss		0	0
Administrative expenses		-1.507	-1.367
Operating profit/loss		-1.507	-1.367
Other operating expenses		0	-8.500
Profit/loss before financial income and expenses		-1.507	-9.867
Income from investments in subsidiaries		40.000	120.000
Financial income	2	109.657	10.501
Financial expenses	3	-147.621	-19.665
Profit/loss before tax		529	100.969
Tax on profit/loss for the year	4	8.404	-203
Net profit/loss for the year		8.933	100.766

Balance Sheet 31 December

Assets

	Note	2023 kDKK	2022 kDKK
Investments in subsidiaries	5	1.333.737	794.380
Receivables from group enterprises	6	32.500	35.830
Other investments	6	325	325
Fixed asset investments		1.366.562	830.535
Fixed assets		1.366.562	830.535
Receivables from group enterprises		0	8.478
Other receivables		3	1.096.908
Deferred tax asset	7	34	0
Corporation tax		8.717	1.106
Receivables		8.754	1.106.492
Cash at bank and in hand		0	20
Currents assets		8.754	1.106.512
Assets		1.375.316	1.937.047

Balance Sheet 31 December

Liabilities and equity

	Note	2023 kDKK	2022 kDKK
Share capital		7.294	7.294
Retained earnings		207.919	198.986
Proposed dividend for the year		0	40.000
Equity		215.213	246.280
Credit institutions		599.451	0
Other payables		0	8.500
Long-term debt	9	599.451	8.500
Credit institutions	9	1.957	90
Trade payables		74	148
Payables to group enterprises		524.712	1.656.603
Other payables	9	33.909	25.426
Short-term debt		560.652	1.682.267
Debt		1.160.103	1.690.767
Liabilities and equity		1.375.316	1.937.047
Staff	1		
Distribution of profit	8		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Statement of Changes in Equity

	Share capital kDKK	Retained earnings kDKK	Proposed dividend for the year kDKK	Total kDKK
Equity at 1 January	7.294	199.518	40.000	246.812
Net effect from merger	0	-532	0	-532
Adjusted equity at 1 January	7.294	198.986	40.000	246.280
Dividend paid	0	0	-40.000	-40.000
Net profit/loss for the year	0	8.933	0	8.933
Equity at 31 December	7.294	207.919	0	215.213

Notes to the Financial Statements

	2023 kDKK	2022 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. Bonus incentive agreements for the Executive Board has been granted, and can be triggered by achievement of a split between the group's financial performance and personal KPI's.</p> <p>A.P. Møller Holding A/S has introduced a cash-settled co-investment programme which are determined by the development in the value creation of KK Wind Solutions Group. The Executive Board are part of the programme.</p>		
2 Financial income		
Interest received from group enterprises	80.148	1.444
Other financial income	18.597	0
Exchange rate gains	10.912	9.057
	109.657	10.501
3 Financial expenses		
Interest paid to group enterprises	78.360	9.195
Other financial expenses	58.506	2.179
Exchange rate loss	10.755	8.291
	147.621	19.665
4 Tax on profit/loss for the year		
Current tax for the year	-8.717	-1.106
Deferred tax for the year	39	0
Adjustment of tax concerning previous years	347	1.276
Adjustment of deferred tax concerning previous years	-73	33
	-8.404	203

Notes to the Financial Statements

	2023 kDKK	2022 kDKK
5 Investments in subsidiaries		
Cost at 1 January	794.380	790.134
Additions for the year	539.357	4.246
Cost at 31 December	1.333.737	794.380
Carrying amount at 31 December	1.333.737	794.380

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
	Ikast-Brandø,			
KK Wind Solutions A/S	Denmark	100%	330.934	-16.800
KK Wind Solutions Tianjin Co. Ltd*	Tianjin, China	100%		
KK Wind Solutions Polska Sp. Z.o.o.	Stettin, Poland	100%	117.040	18.848
	Taichung City,			
KK Wind Solutions Taiwan Co., Ltd	Taiwan	100%	10.947	10.119
	Hørsholm,			
PCH Engineering A/S	Denmark	100%	83.499	8.368
KK Wind Solutions India Limited	Chennai, India	100%	122.737	5.327

*KK Wind Solutions Tianjin Co. Ltd. is yet to publish its first annual report

6 Other fixed asset investments

	Receivables from group enterprises kDKK	Other investments kDKK
Cost at 1 January	35.830	325
Disposals for the year	-3.330	0
Cost at 31 December	32.500	325
Carrying amount at 31 December	32.500	325

Notes to the Financial Statements

	2023 kDKK	2022 kDKK
7 Deferred tax asset		
Deferred tax asset at 1 January	0	33
Amounts recognised in the income statement for the year	34	-33
Deferred tax asset at 31 December	34	0

The recognised deferred tax asset comprises tax loss carry-forwards expected to be utilised within the next few years.

8 Distribution of profit

Proposed dividend for the year	0	40.000
Retained earnings	8.933	60.766
	8.933	100.766

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:

Credit institutions

Between 1 and 5 years	599.451	0
Long-term part	599.451	0
Within 1 year	1.957	0
Other short-term debt to credit institutions	0	90
Short-term part	1.957	90
	601.408	90

Notes to the Financial Statements

9 Long-term debt (continued)

	2023	2022
	kDKK	kDKK
Other payables		
Between 1 and 5 years	0	8.500
Long-term part	0	8.500
Within 1 year	33.500	25.000
Other short-term payables	409	426
Short-term part	33.909	25.426
	33.909	33.926

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 with Danske Bank in KK Wind Solutions A/S and KK Wind Solutions Polska Sp. Z.o.o. The net book value of bank debt amount to DKK 0 million at 31 December 2023.

KK-Group A/S has issued a joint surety guarantee limited to DKK 650 million for selected bank facilities with Danske Bank in KKWSH ApS. The net book value of the related bank debt amount to DKK 500 million at 31 December 2023.

KK-Group A/S has issued a joint and unlimited surety guarantee for all facilities with Nykredit in KKWSH ApS. The net book value of the related debt amount to DKK 500 million at 31 December 2023.

KK-Group A/S has issued a joint and unlimited surety guarantee for all facilities with Nordea in KKWSH ApS. The net book value of the related debt amount to DKK 500 million at 31 December 2023.

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.

Notes to the Financial Statements

11 Related parties

	<u>Basis</u>
Controlling interest	
A.P. MØLLER OG HUSTRU CHASTINE MC-KINNEY MØLLERS FOND TIL ALMENE FORMAAL, Esplanaden 50, 1263 København K	Ultimate Parent Company
KKWSH ApS, Bøggildvej 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

12 Accounting Policies

The Annual Report of KK-Group A/S for 2023 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 2023 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

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.

Business combinations

Group method

Intragroup business combinations where subsidiaries are merged with KK Wind Solutions 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

Notes to the Financial Statements

12 Accounting Policies (continued)

eliminated. The Group method is applied as if the two enterprises had always been combined by restating comparative figures.

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.

Income Statement

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's 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, including adjustments to earn-out and expenses relating to repayment of subordinate loan capital.

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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 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

Fixed 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.

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 by Management 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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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 debts

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