
LM WIND POWER A/S

Jupitervej 6, DK-6000 Kolding

Annual Report for 2023

CVR No. 76 49 05 11

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/7 2024

Vibeke Dittrich
Chairman of the
general meeting

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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of LM WIND POWER 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.

Kolding, 16 July 2024

Executive Board

Hanif Mashal
CEO

Board of Directors

Vibeke Dittrich
Chairman

Ignazio Alessandro Imburgia

Hanif Mashal

Nikolaj Toft

Jeppe Bjørn Jørgensen
Employee representative

Independent Auditor's report

To the shareholder of LM WIND POWER A/S

Opinion

We have audited the Financial Statements of LM WIND POWER 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 are 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 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.

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.

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 misstatement, 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.

Independent Auditor's report

- 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 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the 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.

Copenhagen, 16 July 2024

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No 33963556

Lars Andersen

State Authorised Public Accountant

mne27762

Martin Pieper

State Authorised Public Accountant

mne44063

Company information

The Company	LM WIND POWER A/S Jupitervej 6 6000 Kolding Website: www.lmwindpower.com CVR No: 76 49 05 11 Financial period: 1 January - 31 December Incorporated: 30 October 1985 Municipality of reg. office: Kolding
Board of Directors	Vibeke Dittrich, chairman Ignazio Alessandro Imburgia Hanif Mashal Nikolaj Toft Jeppe Bjørn Jørgensen, employee representative
Executive Board	Hanif Mashal
Auditors	Deloitte Statsautoriseret Revisionspartnerselskab Weidekampsgade 6 2300 Copenhagen S

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	3,553,138	4,499,758	5,579,671	4,937,431	4,796,662
Gross loss	-1,352,401	-1,444,853	-410,003	12,661	390,809
Profit/loss of primary operations	-1,957,257	-1,779,244	-693,658	-456,435	2,467
Profit/loss of financial income and expenses	-67,287	5,178	-119,235	-109,344	172,546
Net profit/loss for the year	-1,990,055	-1,747,252	-1,249,832	-506,176	146,756
Balance sheet					
Balance sheet total	3,538,751	4,754,366	4,938,437	4,810,266	6,476,399
Investment in property, plant and equipment	4,102	8,741	17,584	56,767	91,025
Equity	-1,546,804	-2,076,749	-167,697	1,082,135	1,417,524
Number of employees	266	269	279	418	501
Ratios					
Return on assets	-55.3%	-37.4%	-14.0%	-9.5%	0.0%
Solvency ratio	-43.7%	-43.7%	-3.4%	22.5%	21.9%
Return on equity	109.8%	155.7%	-273.4%	-40.5%	10.9%

In 2021 LM Wind Power A/s merged with LM WP Patent Holding A/S and LM Wind Power International Technology II ApS. Figures for 2020 has been updated accordingly. Comparative figures for 2019 remain unchanged. In relation to correction of material misstatements as mentioned under Accounting policies, the comparative figures for 2022 have been updated while comparative figures for 2021, 2020 and 2019 remain unchanged.

Explanation of financial ratios is included in the last paragraph under accounting policies.

Management's review

Key activities

LM Wind Power is one of the world's leading suppliers of components for the wind turbine industry, with its main activity as the development, production and sale of blades to the wind turbine industry.

Development in the year

The income statement of the Company for 2023 shows a loss of TDKK 1,990,055 (2022: TDKK 1,747,252 loss), and at 31 December 2023 the balance sheet of the Company shows a negative equity of TDKK 1,546,804 (2022: TDKK 2,076,749 negative).

The above mentioned figures include restatement of prior year figures where the 2022 result was impacted by an additional TDKK 390,298 loss and the 31 December 2022 equity was impacted negatively by TDKK 581,266. Refer to the mentioning of correction of material misstatements under Accounting policies.

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

The company did not meet last year expectations for the 2023 result. The result for 2023 is negatively impacted by the decrease in revenue, increased warranty expenses and costs rising from our affiliated contract manufacturers facing inflationary pressures.

Capital resources

On 23 June 2023 the Company received a group contribution from the Parent entity LM Group Holding A/S in the amount of TDKK 2,520,000 and the Company's ability to continue to finance business operations is ensured by having continued access to financing from GE Vernova's cash pool and / or borrowings. This also takes into account an expected loss in the range of DKK 1,500 - 2,000 million in 2024.

Special risks - operating risks and financial risks

Operating risks

The Company and the group are subject to operating risks in form of risk of warranty claims. The risk is addressed constantly through the Company's quality system and inspections of goods prior to delivery.

Foreign exchange risks

The Company and the group are to some degree exposed towards foreign exchange risks, which are addressed through hedging if deemed necessary.

Targets and expectations for the year ahead

For 2024, Management expect a loss in the range from DKK 1,500 - 2,000 million and a revenue in the range from DKK 3,000 - 3,500 million.

Research and development

The Company has research and development activities of Wind turbine blades. Development activities in the group are undertaken by LM Wind Power A/S partially on behalf of intragroup entities holding parts of the connected intellectual property rights.

External environment

The external environment is of great concern to the Company. We refer to the statement on corporate social responsibility.

Management's review

Intellectual capital resources

As part of the Company activities for the company and the group are to develop, produce and sell highly advanced blades to wind turbines, it is essential that the company can recruit and retain highly qualified personnel, particularly within relevant engineering disciplines. To accomplish this, we have an extensive program for onboarding and training. We refer to the statement on corporate social responsibility for further mentioning.

Statement of corporate social responsibility, cf. section 99a of the Financial Statements Act

The statutory statement is available on the Company's website cf. www.lmwindpower.com/sites/default/files/LM_Sustainability_Report_2023.pdf

Statement on gender composition

2023

Top management

Total number of members	3
Underrepresented gender %	0%
Target figure %	33%
Year for meeting target	2024

Other management levels

Total number of members	2
Underrepresented gender %	50%
Target figure %	50%
Year for meeting target	2023

Regarding meeting the target figure for top management, LM Wind Power A/S did meet the target in the prior four years, but a change in the composition of the board in 2023 resulted in the target not being met at year-end 2023. On 13 March 2024 a new board member was appointed resulting in the target being met again.

As regards the other management levels, we met the target in 2023.

Statement on data ethics, cf. section 99d of the Financial Statements Act

The statutory statement is available on the Company's website cf. www.lmwindpower.com/sites/default/files/LM_Sustainability_Report_2023.pdf

Uncertainty relating to recognition and measurement

Recognition and measurement in the Financial Statements are subject to uncertainty relating to the connected estimate in the recognition and measurement of warranty provisions as well as ongoing tax inquiries. Besides this, no uncertainty exists relating to recognition and measurement in the financial statements.

Subsequent events

In January 2024 the Company announced a restructuring plan for LM Wind Power Group globally which also impacts LM Wind Power A/S. Restructuring plan includes a re-alignment of the business structure as well as the closure of plants and reduction in the workforce. The impact of the restructuring plan was taken into account in the impairment testing for the design and development costs and the investment in subsidiaries on the Financial Statements as of 31 December 2023. We expect the restructuring plan will have positive impact on the profitability of the business going forward.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Revenue	2	3,553,138	4,499,758
Expenses for raw materials and consumables		-2,766,911	-3,892,483
Other external expenses		-2,138,628	-2,052,128
Gross loss		-1,352,401	-1,444,853
Staff expenses	3	-211,009	-218,309
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-376,486	-106,964
Other operating expenses		-17,361	-9,118
Profit/loss before financial income and expenses		-1,957,257	-1,779,244
Income from investments in subsidiaries	5	-22,812	0
Financial income	6	225,604	74,545
Financial expenses	7	-270,079	-69,367
Profit/loss before tax		-2,024,544	-1,774,066
Tax on profit/loss for the year	8	34,489	26,814
Net profit/loss for the year	9	-1,990,055	-1,747,252

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Completed development projects		513,907	333,734
Software		54,592	3,294
Development projects in progress		43,903	469,828
Intangible assets	10	612,402	806,856
Land and buildings		0	0
Plant and machinery		8,034	39,573
Other fixtures and fittings, tools and equipment		529	3,022
Leasehold improvements		4,357	8,193
Property, plant and equipment in progress		4,940	14,533
Property, plant and equipment	11	17,860	65,321
Investments in subsidiaries	12	1,290,381	1,313,192
Receivables from group enterprises		0	1,285,000
Fixed asset investments		1,290,381	2,598,192
Fixed assets		1,920,643	3,470,369
Raw materials and consumables		1,116	1,370
Work in progress		30,561	45,171
Inventories		31,677	46,541
Trade receivables		164,482	225,004
Receivables from group enterprises		1,348,997	702,346
Other receivables	13,17	47,437	202,544
Corporation tax		5,500	11,000
Prepayments	14	13,847	13,847
Receivables		1,580,263	1,154,741
Cash at bank and in hand		6,168	82,715
Current assets		1,618,108	1,283,997
Assets		3,538,751	4,754,366

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		10,000	10,000
Reserve for development costs		435,091	626,778
Retained earnings		-1,991,895	-2,713,527
Equity		-1,546,804	-2,076,749
Other provisions	15	725,346	775,624
Provisions		725,346	775,624
Prepayments received from customers		62,248	127,621
Deferred income		722,125	594,874
Long-term debt	16	784,373	722,495
Prepayments received from customers	16	8,258	10,963
Trade payables		104,856	196,627
Payables to group enterprises		3,012,665	4,148,377
Other payables	17	136,255	189,777
Deferred income	16, 18	313,802	787,252
Short-term debt		3,575,836	5,332,996
Debt		4,360,209	6,055,491
Liabilities and equity		3,538,751	4,754,366
Going concern	1		
Contingent assets, liabilities and other financial obligations	19		
Related parties	20		
Fee to auditors appointed at the general meeting	21		
Accounting Policies	22		

Statement of changes in equity

	Share capital	Reserve for development costs	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	10,000	626,778	-2,132,301	-1,495,523
Net effect of correction of material misstatements	0	0	-581,226	-581,226
Adjusted equity at 1 January	10,000	626,778	-2,713,527	-2,076,749
Contribution from group	0	0	2,520,000	2,520,000
Development costs for the year	0	-191,687	191,687	0
Net profit/loss for the year	0	0	-1,990,055	-1,990,055
Equity at 31 December	10,000	435,091	-1,991,895	-1,546,804

Notes to the Financial Statements

1. Going concern

On 23 June 2023 the Company received a group contribution from the Parent entity LM Group Holding A/S in the amount of TDKK 2,520,000 securing a positive equity, but subsequent to this, LM Wind Power A/S has realized a loss of TDKK 1,990,055 during 2023, which has caused the Company's equity to be negative by TDKK 1,546,804 as of 31 December 2023.

The Company's ability to continue to finance business operations is ensured by having continued access to financing from the GE Vernova's cash pool and / or borrowings. This also takes into account an expected loss in the range of DKK 1,500 - 2,000 million in 2024.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
2. Revenue		
Business segments		
Revenue from sale of blades and other products	3,346,396	4,298,718
Revenue from sale of services	206,742	201,040
	<u>3,553,138</u>	<u>4,499,758</u>

The revenue can be split into two segments. One segment, where the revenue originates from sale of blades and other products mainly to affiliated entities in the General Electric group and partly to external costumers, and one segment, where the revenue originates from services and royalties received from subsidiaries. There is no major variation in the sales pattern as regards the geographical markets. Therefore, no segment information is disclosed regarding geographical markets with reference to the Danish Financial Statements Act section 96 paragraph 1.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
3. Staff Expenses		
Wages and salaries	194,860	201,843
Pensions	15,601	14,932
Other social security expenses	548	1,534
	<u>211,009</u>	<u>218,309</u>
Including remuneration to the Executive Board and Board of Directors		
	<u>15,186</u>	<u>8,522</u>
Average number of employees	<u>266</u>	<u>269</u>

According to the Danish Financial Statement's Act section 98B (3), remuneration to the Executive Board and the Board of Directors have been disclosed in total.

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
4. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		
Amortisation of intangible assets	126,902	97,862
Depreciation of property, plant and equipment	12,791	9,102
Impairment of intangible assets	205,039	0
Impairment of tangible assets	31,754	0
	<u>376,486</u>	<u>106,964</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
5. Income from investments in subsidiaries		
Impairment of investments in subsidiaries	-16,500	0
Loss on disposal of investment in subsidiaries	-6,312	0
	<u>-22,812</u>	<u>0</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
6. Financial income		
Interest received from group enterprises	119,628	7,532
Other financial income	105,976	67,013
	<u>225,604</u>	<u>74,545</u>
	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
7. Financial expenses		
Interest paid to group enterprises	127,838	9,337
Other financial expenses	142,241	60,030
	<u>270,079</u>	<u>69,367</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
8. Income tax expense		
Current tax for the year	-2,009	-362
Adjustment of tax concerning previous years	-32,480	-26,452
	<u>-34,489</u>	<u>-26,814</u>

	2023	2022
	TDKK	TDKK
9. Profit allocation		
Retained earnings	-1,990,055	-1,747,252
	<u>-1,990,055</u>	<u>-1,747,252</u>

10. Intangible fixed assets

	Completed development projects	Software	Develop- ment projects in progress
	TDKK	TDKK	TDKK
Cost at 1 January	932,228	122,172	469,828
Additions for the year	50,347	57,597	37,113
Disposals for the year	0	0	-7,570
Transfers for the year	455,468	0	-455,468
Cost at 31 December	<u>1,438,043</u>	<u>179,769</u>	<u>43,903</u>
Impairment losses and amortisation at 1 January	598,494	118,878	0
Impairment losses for the year	205,039	0	0
Amortisation for the year	120,603	6,299	0
Impairment losses and amortisation at 31 December	<u>924,136</u>	<u>125,177</u>	<u>0</u>
Carrying amount at 31 December	<u>513,907</u>	<u>54,592</u>	<u>43,903</u>

Development projects relate to the development of new versions of Wind Turbine Blades. Development projects in progress are expected to be completed within 3 years. Future income from use of the developed technology is assessed to exceed the development costs and the value of a large number of development projects are already supported by customer contracts entered into.

Notes to the Financial Statements

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	1,179	69,701	65,731	39,321	14,534
Additions for the year	0	0	0	0	4,101
Disposals for the year	0	0	0	0	-7,018
Transfers for the year	0	0	6,677	0	-6,677
Cost at 31 December	<u>1,179</u>	<u>69,701</u>	<u>72,408</u>	<u>39,321</u>	<u>4,940</u>
Impairment losses and depreciation at 1 January	1,179	30,127	62,708	31,128	0
Impairment losses for the year	0	26,776	4,979	0	0
Depreciation for the year	0	4,764	4,192	3,836	0
Impairment losses and depreciation at 31 December	<u>1,179</u>	<u>61,667</u>	<u>71,879</u>	<u>34,964</u>	<u>0</u>
Carrying amount at 31 December	<u>0</u>	<u>8,034</u>	<u>529</u>	<u>4,357</u>	<u>4,940</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
12. Investments in subsidiaries		
Cost at 1 January	1,759,755	1,684,242
Additions for the year	118,385	75,513
Disposals for the year	-541,679	0
Cost at 31 December	<u>1,336,461</u>	<u>1,759,755</u>
Value adjustments at 1 January	-446,563	-446,563
Disposals for the year	416,983	0
Impairment losses for the year	-16,500	0
Value adjustments at 31 December	<u>-46,080</u>	<u>-446,563</u>
Carrying amount at 31 December	<u>1,290,381</u>	<u>1,313,192</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership	Equity	Net profit/loss for the year
LM (China) Investment Company Ltd. (2022)	China	100%	1,080,466	-303,216
LM Wind Power Blades (Qinhuangdao) Co., Ltd. (*) (2022)	China	100%	358,231	-222,398
LM Wind Power Blades Technology (Tianjin) Co., Ltd. (*) (2022)	China	100%	97,804	-61,248
LM Wind Power Blades (Fujian) Co., Ltd. (*) (2022)	China	100%	-21,778	-17,027
LM Wind Power Blades (India) Private Ltd. (2022)	India	100%	562,850	7,020
LM Wind Power R&D (Holland) B.V. (2022)	Netherlands	100%	58,928	3,706
LM Wind Power Blades (France) S.A (2022)	France	100%	185,020	43,072
LM Wind Power Blades (Poland) Sp. z o.o. (2022)	Poland	100%	682,426	79,613
LM Wind Power Turkey San. VE TIC.A.S. (*) (2022)	Turkey	2%	133,753	-76,577
LM Wind Power Blades (Canada) Inc. (**)	Canada	100%	0	0
4305825 Canada Inc. (**)	Canada	100%	0	0
LM Wind Power UK Ltd. (*) (2021)	UK	100%	59,914	2,516
Blades Dynamics Tidal Energy Ltd. (*) (2020)	UK	100%	1	0
Blades Dynamics Limited Liability Limited Partnership (*) (**)	US	100%	0	0
LM Wind Power Blades Mexico, S. de R.L. de C.V. (**)	Mexico	99%	0	0
LM Wind Power Tech. (Jiangsu) Co., Ltd. (**)	China	100%	0	0

Notes to the Financial Statements

The voting rights in LM Wind Power Turkey San. VE TIC.A.S. are 100% even though ownership is 2%. Year figures in brackets indicate the year for the most recent published annual report. Subsidiaries marked with an * are indirectly owned by LM Wind Power A/S. For subsidiaries marked with ** there are no published annual reports.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
13. Other receivables		
Other receivables	47,437	202,544
	<u>47,437</u>	<u>202,544</u>

Other receivables amounts to TDKK 47,437 (2022: TDKK 202,544). Of this TDKK 45,422 (2022: TDKK 0) are expected to be settled after 12 months.

14. Prepayments

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

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
15. Other provisions		

TDKK 589,280 (TDKK 500,831 in 2022) of other provisions relate to warranty provision. TDKK 111,337 (TDKK 245,677 in 2022) relate to ongoing tax inquiries. TDKK 23,178 (TDKK 27,566 in 2022) relate to onerous contracts, and TDKK 1,551 (TDKK 1,551 in 2022) relate to other provision. As for the warranty provision, the Company provides warranties of 1 to 5 years on its products and is therefore obliged to repair or replace goods. Based on previous experience in respect of the level of repairs and returns, other provisions have been recognised for expected warranty claims. As for the ongoing tax inquiry provision, Management has made an assessment of the outcome and provided for this.

Other provisions	725,346	775,624
	<u>725,346</u>	<u>775,624</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK

16. 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:

Prepayments received from customers

After 5 years	0	0
Between 1 and 5 years	62,248	127,621
Long-term part	62,248	127,621
Other prepayments from customers	8,258	10,963
	<u>70,506</u>	<u>138,584</u>

Deferred income

After 5 years	0	0
Between 1 and 5 years	722,125	594,874
Long-term part	722,125	594,874
Other deferred income	313,802	787,252
	<u>1,035,927</u>	<u>1,382,126</u>

Deferred income consists of payments from customers for setting up the production of blades to be delivered in subsequent years.

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
17. Derivative financial instruments		
Derivative financial instruments contracts in the form of forward exchange contracts have been entered into. At the balance sheet date, the fair value of derivative financial instruments amounts to:		
Other receivables	45,522	131,755
Other payables	66,412	114,813

Forward contracts have been entered in order to hedge the FX exposures of LM Wind Power A/S. LM Wind Power A/S is exposed to EUR, USD and CNH. On the supply side, LM Wind Power A/S is hedging EUR, USD and CNH disbursements, both to internal and external suppliers. On the collection side, the hedges are for collections from customers. The hedges are placed on a quarterly basis for a rolling 12 months period.

	Value adjustment, income statement	Fair value at 31. December
	<u>TDKK</u>	<u>TDKK</u>
Derivative financial instruments	-20,890	-20,890

18. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
19. Contingent assets, liabilities and other financial obligations		

Contingent assets

The Company has a contingent asset in form of a deferred tax asset that has not been capitalised as the deferred tax asset is not expected to be realized in the near future.

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	15,140	20,286
Between 1 and 5 years	19,567	27,048
After 5 years	0	2,613
	<u>34,707</u>	<u>49,947</u>

Notes to the Financial Statements

2023	2022
TDKK	TDKK

19. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. LM Group Holding A/S 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.

As at 31 December 2023, the Company issued guarantees towards trading partners for subsidiary entities for a total of DKK 889 million.

The company has ongoing tax inquiries that may lead to future cash outflows. Management has assessed the outcome and provided for this as part of other provisions.

Notes to the Financial Statements

20. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
LM Group Holding A/S, Jupitervej 6, 6000 Kolding, Denmark	Holds 100% of the capital
GE Power Netherlands B.V., Westervoortsedijk 73 KB, 6827 AV Arnhem, The Netherlands	Holds 100% of the capital in LM Group Holding A/S
GE Vernova Holdings LLC, 58 Charles Street, 02141 Cambridge, Massachusetts, USA	Holds 100% of the capital in GE Power Netherlands B.V.
GE Vernova Inc., 58 Charles Street, 02141 Cambridge, Massachusetts, USA	Holds 100% of the capital in GE Vernova Holdings LLC
General Electric Company, One Financial Center, Suite 3700, 02111 Boston, Massachusetts, USA	Held 100% of the capital in GE Vernova Inc. until 2 April 2024

Transactions

During the year, the Company had the following transactions with group entities:

Sale of goods to group enterprises amounts to TDKK 1,975,618 (TDKK 2,651,811 in 2022).

Sale of services to group enterprises amounts to TDKK 183,517 (TDKK 201,040 in 2022).

Purchase of goods from group enterprises amounts to TDKK 3,190,095 (TDKK 4,646,782 in 2022).

Purchase of services from group enterprises amounts to TDKK 1,402,290 (TDKK 1,188,254 in 2022).

Group contribution from parent entity amounts to TDKK 2,520,000 (TDKK 29,128 in 2022).

Refer to note 3 for reference to remuneration to Management.

Refer to note 12 for reference to additions in subsidiaries in 2023 and 2022.

Refer to note 6 and 7 for reference to disclosure of financial income and financial expenses to/from group entities.

For reference to balances with group entities, please refer to the balance sheet.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the ultimate Parent Company as at 31 December 2023

Name	Place of registered office
General Electric Company	One Financial Center, Suite 3700, 02111 Boston, Massachusetts, USA

The Group Annual Report of General Electric Company may be obtained at the following address:

Notes to the Financial Statements

The Group Annual Report of General Electric Company may be obtained at the following address:
General Electric Company, One Financial Center, Suite 3700, 02111 Boston, Massachusetts, USA.
General Electric Company prepares consolidated financial statements for the largest Group, in which
LM Wind Power A/S is a subsidiary.
The Group Annual Report of the parent company is available at www.ge.com.

21. Fee to auditors appointed at the general meeting

Deloitte

Audit fee

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
	1,230	1,475
	<u>1,230</u>	<u>1,475</u>

Notes to the Financial Statements

22. Accounting policies

The Annual Report of LM WIND POWER A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Notes to the Financial Statements

Correction of material misstatements

In 2023, several mistakes related to prior years were identified. The mistakes and the treatment of those in the Financial Statements are as follows.

Correction 1:

In prior years, LM Wind Power A/S received several payments from a group enterprise for setting up production and delivering a certain number of blades, but by mistake, revenue from this contract was recognised in 2020, 2021 and 2022 before delivery of the blades.

The correction of this impacts the 2022 figures as follows:

Revenue TDKK 320,670 decrease
Profit before tax TDKK 320,670 decrease
Net profit TDKK 320,670 decrease
Equity TDKK 539,938 decrease
Deferred income TDKK 539,938 increase
Total liabilities TDKK 539,938 increase
Total liabilities and equity TDKK 0 increase

Correction 2:

In 2021 and 2022, LM Wind Power A/S delivered services related to R&D and management of patents to group enterprises, but by mistake, not all the related revenue was recognised timely.

The correction of this impacts the 2022 figures as follows:

Revenue TDKK 51,527 increase
Profit before tax TDKK 51,527 increase
Net profit TDKK 51,527 increase
Receivables from group enterprises TDKK 79,867 increase
Total assets TDKK 79,867 increase
Equity TDKK 79,867 increase
Total liabilities and equity TDKK 79,867 increase

Correction 3:

In 2022, LM Wind Power A/S recognised manufacturing fees related to group enterprises acting as contract manufacturers based on figures that were later corrected resulting in additional net payments to the manufacturers.

The correction of this impacts the 2022 figures as follows:

Other external expenses TDKK 121,155 increase
Profit before tax TDKK 121,155 decrease
Net profit TDKK 121,155 decrease
Receivables from group enterprises TDKK 43,409 increase
Total assets TDKK 43,409 increase
Equity TDKK 121,155 decrease
Payables to group enterprises TDKK 164,564 increase
Total liabilities TDKK 164,564 increase
Total liabilities and equity TDKK 43,409 increase

The total corrections impact the 2022 figures as follows:

Revenue TDKK 269,142 decrease.
Other external costs TDKK 121,155 increase
Profit before tax TDKK 390,298 decrease
Net profit TDKK 390,298 decrease
Receivables from group enterprises TDKK 123,276 increase
Total asset TDKK 123,276 increase
Equity DKK 581,226 decrease
Payables to group enterprises TDKK 164.564 increase
Deferred income TDKK 539,938 increase
Total liabilities TDKK 704,502 increase
Total liabilities and equity TDKK 123,276 increase

Notes to the Financial Statements

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2023 of General Electric Company, 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 General Electric Company, 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

Pooling of interests

Intragroup business combinations are accounted for under the pooling-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The pooling-of-interests 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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Derivative financial instruments

Interest rate swap, forward exchange contracts and other derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Negative fair values from derivative financial instruments are recognised under liabilities and positive fair values are recognised under assets.

Notes to the Financial Statements

Changes in fair value of interest swaps and other derived financial instruments included to secure future interest payments and acquisition and sales transactions are recognised directly in the equity. Earnings and costs concerning such hedging transactions are transferred from equity upon realisation of the item hedged and recognised in the same accounts entry as the item.

For derived financial instruments which do not fulfill the conditions for hedged instruments, the changes in fair value are recognised periodically into the income statement under financial items.

Segment information on revenue

Information on business segments and geographical segments is based on the Company's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments, while geographical segments are not disclosed as there is no major variation in the sales pattern as regards the geographical markets.

Income statement

Revenue

Revenues from the sale of goods and services are recognised when the risks and rewards relating to the goods and services sold have been transferred to the purchaser, the revenues can be measured reliably and it is probable that the economic benefits relating to the sales will flow to the Company. LM Wind Power A/S is operating as Principal in the LM Group and the factories are operating as contract manufacturers.

Revenues are measured at the fair value of the agreed considerations excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales as well as office expenses, etc.

Staff expenses

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

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

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.

Notes to the Financial Statements

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Net financials include interest income and expenses, realised and unrealised capital/exchange gains and losses on foreign currency transactions.

Tax on profit/loss for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

On payment of joint taxation contributions, the current Danish income tax 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 tax losses to reduce their own taxable profits.

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

Balance sheet

Intangible fixed assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 20 year. due to the Company's long time customer relationship and product lifetime etc.

Software licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Software licences are amortised over the licence period; however not exceeding 5 year.

Development costs are measured at costs which include wages and other costs directly or indirectly attributed to development activities. Clearly defined and identifiable development projects in which the degree of technical utilization rate, sufficient resources and a potential market or potential use can be demonstrated, and when there is an intention to produce, sell or use the project, are recognised as intangible assets, providing the cost price can be reliably established, and if there is sufficient certainty that present value of future earnings can cover production, sales and administration costs, plus development costs.

Recognised development costs are amortized on a straight line basis after completion of the development work over the expected economic life from the time the asset is ready for use. The amortisation period is 3-6 years.

Property, plant and equipment

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

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

When 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.

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

Notes to the Financial Statements

Production buildings	25 years
Plant and machinery	2-10 years
Other fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

Other fixed asset investments

Other fixed asset investments consist of long term contract with companies in the group.

Inventories

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

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

The cost of goods for resale, raw materials and consumables covers all direct costs related to purchase, including transport costs.

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Prepayments

Prepayments are measured on the balance sheet at amortised cost. Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions etc.

Notes to the Financial Statements

Equity

Reserve for development costs

A reserve for development costs is established based on capitalized development costs after 1 January 2016 less deferred tax related to these costs. The reserve is reduced through disposals, amortization and impairment of development costs and change in deferred tax related to development costs.

Provisions

In measuring provisions, the expenses required to settle the liability are discounted to net present value, if this has a significant effect on the measurement of the liability. Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty provisions and provisions for ongoing tax inquiries.

Warranty commitments covers obligations to repair blades delivered during their guarantee period. A general provision is made based on actual warranty costs and expected future costs. In addition, individual provisions are made to cover retrofit costs. No discounting of provisions is made for future warranty costs.

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

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

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$