
Multi-Wing Group A/S

Staktoften 16, DK-2950 Vedbæk

Annual Report for 2024

CVR No. 31 18 48 43

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 1/5 2025

Lasse Fjeldgaard
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 Multi-Wing Group A/S for the financial year 1 January - 31 December 2024.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2024 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2024.

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

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

Vedbæk, 1 May 2025

Executive Board

Jesper Bernhoft
CEO

Peter Klovgaard-Jørgensen
Chief Financial Officer

Board of Directors

Jørn Mørkeberg Nielsen
Chairman

Søren Dan Johansen

Michael Serup

Jesper Bernhoft

Ulla Hartvig Plathe Tønnesen

Rune Berkowitz Wichmann

Thomas Stegeager Kvorning

Alan Daniel Berger

Peter Fenkl

Independent Auditor's report

To the shareholder of Multi-Wing Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2024 and of the results of the Group's and the Parent Company's operations as well as of the consolidated cash flows for the financial year 1 January - 31 December 2024 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Multi-Wing Group A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

Independent Auditor's report

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the group as a basis for forming an opinion on the Consolidated Financial Statements and the Parent Company Financial Statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

Hellerup, 1 May 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Ulrik Ræbild

State Authorised Public Accountant

mne33262

Jacob Dannefer

State Authorised Public Accountant

mne47886

Company information

The Company	Multi-Wing Group A/S Staktoften 16 DK-2950 Vedbæk Telephone: +4545890133 Email: info@multi-wing.com Website: www.multi-wing.com CVR No: 31 18 48 43 Financial period: 1 January - 31 December Incorporated: 22 January 2008 Financial year: 17th financial year Municipality of reg. office: Rudersdal
Board of Directors	Jørn Mørkeberg Nielsen, chairman Søren Dan Johansen Michael Serup Jesper Bernhoft Ulla Hartvig Plathe Tønnesen Rune Berkowitz Wichmann Thomas Stegeager Kvorning Alan Daniel Berger Peter Fenkl
Executive Board	Jesper Bernhoft Peter Klovgaard-Jørgensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Group Chart

Company	Residence	Ownership
Multi-Wing Group A/S	Denmark	
Multi-Wing (NEA) Pte. Ltd.	Singapore	100%
Multi-Wing (Suzhou) Co. Ltd.	China	100%
Multi-Wing Australia Pty., Ltd.	Australia	60%
Multi-Wing CZ s.r.o.	Czech Republic	100%
Multi-Wing GmbH	Germany	100%
Multi-Wing Ibérica S.L.	Spain	100%
Multi-Wing International A/S	Denmark	100%
Multi-Wing Italia Srl.	Italy	100%
Multi-Wing UK Limited	UK	100%
Multi-Wing France SARL	France	100%
Multi-Wing UA LLC	Ukraine	100%
MW Multi-Wing Mexico S.A. DE C.V.	Mexico	99,97%
Multi-Wing Suzhou Trading Co. Ltd.	China	100%
Multi-Wing America Inc.	USA	100%
Multi-Wing US Trading LLC.	USA	100%
Multi-Wing Group Management Holding Pte. Ltd.	Singapore	100%
Multi-Wing SEA Pte. Ltd.	Singapore	100%
Multi-Wing do Brasil Ltda	Brazil	100%
Multi-Wing India Pvt. Ltd.	India	100%
PT Multi-Wing Indonesia	Indonesia	99%
Multi-Wing Thailand Co. Ltd.	Thailand	100%
E-FLow Europe S.R.O	Czech Republic	100%
E-Flow CustomFan S.L.	Spain	100%
Multi-Wing Group LLC-FZ	United Arab Emirates	100%

Financial Highlights

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

	Group				
	2024	2023	2022	2021	2020
	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK	Mio. DKK
Key figures					
Profit/loss					
Revenue	797	833	785	553	456
Gross profit	311	300	306	297	254
Normalized EBITDA	147	145	190	155	123
Profit/loss of primary operations	16	40	91	120	99
Profit/loss of financial income and expenses	-50	-27	-3	2	-21
Net profit/loss for the year	-39	7	67	88	59
Balance sheet					
Balance sheet total	823	888	720	538	467
Investment in property, plant and equipment	13	26	24	13	8
Equity	104	197	261	248	177
Cash flows					
Cash flows from:					
- operating activities	80	43	56	95	89
- investing activities	-45	-214	-78	-29	-62
- financing activities	-56	147	44	-5	-27
Number of employees	500	475	414	391	372
Ratios					
Gross margin	39.0%	36.0%	39.0%	53.7%	55.7%
Profit margin	2.0%	4.8%	11.6%	21.7%	21.7%
Return on assets	1.9%	4.5%	12.6%	22.3%	21.2%
Solvency ratio	12.6%	22.2%	36.3%	46.1%	37.9%
Return on equity	-25.9%	3.1%	26.3%	41.4%	34.4%

For definition, see section in accounting policies.

Normalized EBITDA: EBITDA adjusted for one-off items, which primarily contains costs attributable to M&A activities, associated due diligence and integration costs and other one-off costs.

Management's review

Key activities

Multi-Wing develops, designs, produces, markets, sells flexible and modular variety of axial impellers utilized in engine cooling, commercial refrigeration, industrial ventilation, as well as HVAC applications. Building on our heritage as a leading developer and manufacturer of high-quality axial impellers, we now offer complete fan solutions that integrate cutting-edge engineering, production, and customer-centric support services.

About Multi-Wing Group

Multi-Wing is the world's leading expert and dedicated manufacturer of tailor-made modular axial fans and high-performance fan solutions. For over 65 years, Multi-Wing has designed and built custom axial fans for radiator and engine cooling, ventilation, air conditioning, heating, and refrigeration markets all over the world.

Finn Sigurd Andersen founded Multi-Wing Group in 1938 as a local company trading hand tools and oil filters with small customers in Denmark. Today, we support customers globally and meet their complex air-moving requirements. Multi-Wing's engineered axial fans are comprised of various blade and hub configurations, based on each application's performance requirements. This is further supported by a flexible motor and drive platform and an adaptable global production setup.

The key to success is our innovative modular system that allows us to create a very wide range of axial fans, custom made for specific applications and tailor-made for customer needs. High-strength, diecast aluminum hubs are combined with high-efficiency blade profiles molded in engineered thermoplastics or die cast in aluminum and EC, AC, and DC motors. Machining, assembly, trimming, and balancing are performed under the best and ISO 9001:2015 certified conditions to create the perfect axial fan to match our customers' needs.

Financial review

The revenue amounted to DKK 796.6m (2023 DKK 832.9m) corresponding to a decrease of 4.4%. The net loss for the year amounts to DKK 39.0m against a net income of DKK 7.0m last year.

The revenue shortfall is explained by multiple factors, including normalization of supply chain dynamics after covid disruption, uncertainty in the US and general slowdown in key end-markets.

The financial result for 2024 reflects our continued transformational journey, with significant investments, focusing on rightsizing the organizational footprint, integrating acquired entities as well as rolling out our global platform to fully benefit from our competencies and build scalable solutions. Those investments are considered strategic investments and thereby non-recurring. Adjusting for those costs, normalized EBITDA is DKK 147m compared to DKK 145m in 2023. Normalized EBITDA is lower than set out in the expectations in the financial statements for 2023 and derived from revenue being below expectations. Taking this into consideration, the result is considered satisfactory.

Research and development costs

A major part of development projects is related to the development of new fan technology. The increased focus on environmental impact in both the US and the EU led to an increased interest for such technology.

With focus on developing future innovative products, development projects continue to be subject to significant investments. Capitalised development cost of the year amounts to DKK 29.1m (2023 40.0m).

Management's review

Financial outlook

Our ongoing dedication to making scalable yet customer-centric solutions continue during 2025, as well as investments in our operations to allow for the anticipated growth. Therefore, irrespective of challenging circumstances, we remain focused on executing the strategy and building for the future while embracing industry dynamics and our customer needs. As a result, we expect revenue to be between DKK 800m-1,000m in 2025 and normalized EBITDA between DKK 150m-220m.

Subsequent events

No material events have occurred subsequent to 31 December 2024 that have not already been included in the annual report and that would have a material effect on the assessment of the Group's financial position.

Statement of corporate social responsibility

Business model

The Group's main activities are to develop, produce and supply components and spare parts for axial fans utilized in powertrain cooling and HVAC/R applications.

Production of components designed in-house is outsourced to suppliers whereas customization and assembly are carried out in regional hubs.

Companies included in the Group are operating globally, and in recent years the Group has consolidated its position in the global marketplace.

Policies for corporate social responsibility

In 2024, we adopted a 'policy of policies' to establish a more structured framework for the development, implementation, and management of organizational policies. This approach will help ensure consistency, clarity, and alignment with the organization's strategic objectives. Furthermore, in 2024, Multi-Wing Group updated its Whistleblower Policy to reinforce transparency, accountability, and ethical conduct across the organization.

Having experienced an increasing focus on climate among most of our customers as well as regulatory requirements for different standards, we continuously look to improve the environmental footprint of the group as well as our social and governance aspect of the business. The Multi-Wing Group Code of Conduct reflects the group's values in key areas such as environment and climate, human rights, labor rights, and anti-corruption.

In addition, the group continues to assess suppliers based on our Code of Conduct, to ensure that they share our values.

Impact on the climate and external environment

Multi-Wing Group is environmentally conscious and is working at reducing the environmental impact of the group's activities.

Driven by regulators, demands and customer expectations, the Group has a continuous focus on energy optimization of our solutions. Our modular approach, combined with our ongoing commitment to innovation, enables us to design the most efficient fans possible, helping to minimize our environmental impact.

Management's review

Multi-Wing Group has incorporated an environmental management system into the group's main assembly facilities in China, USA, Thailand and the Czech Republic. The system is certified according to the ISO 14001 standard, and the facilities are audited by a third party annually in accordance with the ISO standard. No reportable deviations to the ISO 14001 standard have been recorded during the year.

As our modular and scalable impellers are assembled locally, in proximity to our customers, we are doing our utmost to optimize and reduce our transportation footprint.

A climate and environmental risk in our operation is the use-phase of our products, which require energy. It is not within our control on which energy grid the products are being used and thus there is a risk for significant CO2 emission from the use of product on energy grid that have less renewable energy. To mitigate this, our goal is to create the most efficient fans possible.

Following our commitment to the Science Based Targets Initiative (SBTi), United Nations Global Compact, and partnered with our loan provider to obtain a Sustainable Linked Loan, we got our near- and long-term targets for emission reduction approved by SBTi during 2024.

We are dedicated to minimizing the environmental impact of our products and operations while meeting the performance requirements of our global customers. We strive to reduce the environmental impact of our activities and services by focusing on waste reduction, energy efficiency, and the integration of recycled materials.

We remain committed to continuously improving our environmental footprint and progressing towards our long-term sustainability ambitions. In light of recent changes in regulatory requirements applicable to companies of our size, we are currently reassessing our roadmap to ensure continued compliance and alignment with best practices.

Social rights and employee policy

The Multi-Wing code of conduct as well as the Equality and Diversity policy and Health and Safety Policy Statement of Intent are all important tools in ensuring a comprehensive framework for the organization to ensure a fair treatment and work environment for all staff members. The Group considers the physical and the psychosocial work environment to be of utmost importance for the Company's success.

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

Maintaining a safe workplace is crucial to the sustained success of our operations. Each Business Unit Leader and General Manager bears the responsibility of ensuring full compliance with local Health and Safety regulations within their respective units. In alignment with our commitment to enhance our Health and Safety framework, we have made the decision to appoint a dedicated Global Health and Safety Officer starting in 2025. This strategic initiative underscores our proactive approach towards further strengthening our safety protocols companywide.

There has been no employee survey during 2024. In 2025 a new tool to has been implemented and surveys will be conducted continuously.

Our employee survey is one of many tools that is used to analyze the status of the organization. Together with typical HR processes it allows the Group to identify what motivates employees and track employee satisfaction and loyalty.

Human rights

It is important that our sites remain free from all forms of discrimination, intimidation, and harassment. An

Management's review

environment where employees can maximize their potential is only possible when each person is treated fairly and with respect. Employees are expected to comply with this principle. Multi-Wing Group is committed to enforcing this principle at all levels within the organization. Our Equality and Diversity policy has been shared with all employees, to underline the importance of this matter.

It is the responsibility of every manager to be observant of the work environment among the employees, and whether any bullying or sexual harassment takes place. The group also strongly emphasizes the importance that everyone takes on a responsibility that their department and thus the cooperation between individual employees works well. Both managers and employees are therefore responsible for acting if bullying or harassment takes place.

During 2024, Management has continuously emphasized, in various ways and forms of communication, the importance of this matter to minimize the risk of matters not being reported to Management. In 2024, no harassment or discrimination incidents were reported.

Management is continuously evaluating the need for further initiatives or training, to enforce human rights, equality, and the embracement of diversity within the organization.

Anti-bribery & corruption

As a global company that operates in many geographical contexts where threats to business integrity may vary, it is essential that we continue to act in compliance, whether it be selling products, sourcing materials, or collaborating with external parties.

For 2024, Multi-Wing Group experienced zero cases related to corruption and bribery. Relevant training will continue during 2025, to keep awareness and engagement high. The Group is aiming to have zero incidents relating to anti-corruption and antibribery.

In 2024, Multi-Wing Group updated its Whistleblower Policy and implemented awareness training to strengthen transparency and accountability. No incidents were reported during the year.

Data ethics

Multi-Wing Group has formed and approved a new data ethics policy, which outlines how we manage data and which ethical considerations there may be associated with this.

The policy outlines guidelines on how Multi-Wing Group processes data and principles to be assessed when handling data. When Multi-Wing Group processes personal data or design, purchases or implement technologies, especially new technologies, for processing of personal data, the principles for data ethics described below must be assessed and included in the considerations during the design process and/or prior to the purchase or implementation of the processing activity or the technology used for the processing of personal data.

These principles are necessity, legality, ethical design, expectations, security, transparency, and respect for human rights. E.g., only personal data which is necessary to fulfill the purpose of the processing activity shall be collected and processed. For example, it should be considered whether it is possible to achieve the purpose of the processing with anonymized data instead.

Our data gathering is limited, as the Group only processes business related data, and does not use advanced technologies such as artificial intelligence, advanced algorithms, data surveillance etc. Neither does the Group make data available to any third parties.

The Group complies with current regulations around personal data and GDPR. Multi-Wing does not store sensitive data, besides necessary data related to the employees of the Multi-Wing Group.

Our policy is made available to all employees, with the purpose of ensuring the employees' access to the applicable principles for data ethics for the Group. In addition to this, we ensure that employees who, as a

Management's review

part of their job with the Multi-Wing Group process personal data or are engaged in designing, purchasing, or implementing technologies for the processing of personal data, receive training in the principles for data ethics.

Risk Management

Macro-economic risks

The Group operates in a global economic environment characterised by elevated levels of uncertainty, driven by ongoing geopolitical developments, inflationary pressures, and changes in monetary policy across key markets. While the Group's own performance expectations remain unchanged, management remains attentive to macroeconomic factors that may influence market dynamics, cost structures, and overall business conditions.

In early 2025, the United States Government introduced a series of substantial import tariffs, particularly targeting goods originating from China, with certain rates exceeding 100%. These measures have contributed to a more volatile trade environment and may result in increased procurement costs and heightened uncertainty across global supply chains. Given the Group's significant presence in the U.S. and its globally integrated sourcing model, such developments are closely monitored and incorporated into ongoing risk assessments and strategic planning processes.

The Group maintains a structured and proactive approach to managing macroeconomic risk, including continuous monitoring of relevant indicators, the application of scenario analysis, and the adjustment of operating and financial strategies where appropriate. These efforts are aimed at safeguarding operational stability and supporting the Group's long-term strategic objectives in a dynamic and evolving global context.

IT systems and cybersecurity risks

Interference with IT systems such as infrastructure failure or cybersecurity attacks causing inability to serve customers or breach of confidential data. Risks are mitigated by IT security installations and proper training of employees.

Financial risks

Due to its international footprint, the Group results are exposed to fluctuations in foreign currencies. Changes in the interest levels may also affect the financial result. The need for hedging the interest exposure is evaluated on an ongoing basis to mitigate potential future risks.

Employee risks

Risk of not being able to attract, develop and retain skilled employees. A new feedback system has been launched as well as new incentive programs for various employee groups.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Revenue	1	796,629	832,904	2,834	2,203
Work on own account recognised in assets		18,178	15,414	0	0
Other operating income		3,418	423	7,891	0
Cost of goods sold		-283,121	-353,216	0	0
Other external expenses		-223,932	-195,053	-29,635	-383
Gross profit		311,172	300,472	-18,910	1,820
Staff expenses	2	-238,905	-221,265	-13,527	100
Earnings Before Interest Taxes Depreciation and Amortization		72,267	79,207	-32,437	1,920
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	3	-56,125	-38,832	0	0
Profit/loss before financial income and expenses		16,142	40,375	-32,437	1,920
Income from investments in subsidiaries		0	0	44,316	56,517
Financial income	4	6,404	4,719	42,044	46
Financial expenses	5	-56,669	-32,032	-48,157	-24,375
Profit/loss before tax		-34,123	13,062	5,766	34,108
Tax on profit/loss for the year	6	-4,918	-6,038	3,031	4,650
Net profit/loss for the year	7	-39,041	7,024	8,797	38,758

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Completed development projects		31,398	7,996	0	0
Patent and technology		17,737	19,448	0	0
Trade name		6,696	7,169	0	0
Product contracts		84,527	93,780	0	0
Goodwill		164,131	167,086	0	0
Development projects in progress		47,076	53,745	0	0
Intangible assets	8	351,565	349,224	0	0
Land and buildings		13,014	14,290	0	0
Other fixtures and fittings, tools and equipment		44,753	50,751	109	0
Leasehold improvements		2,380	2,653	0	0
Property, plant and equipment	9	60,147	67,694	109	0
Investments in subsidiaries	10	0	0	239,128	247,836
Deposits	11	3,145	2,947	0	0
Fixed asset investments		3,145	2,947	239,128	247,836
Fixed assets		414,857	419,865	239,237	247,836
Raw materials and consumables		162,231	167,882	0	0
Inventories		162,231	167,882	0	0
Trade receivables		133,685	139,418	0	0
Receivables from group enterprises		0	0	357,318	337,629
Other receivables		28,499	39,226	108	945
Deferred tax asset	14	3,901	4,194	900	198
Corporation tax		19,815	21,394	7,608	6,237
Prepayments	12	9,539	24,727	563	3,750
Receivables		195,439	228,959	366,497	348,759

Balance sheet 31 December

Assets

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Cash at bank and in hand		50,602	71,535	1,130	285
Current assets		408,272	468,376	367,627	349,044
Assets		823,129	888,241	606,864	596,880

Balance sheet 31 December

Liabilities and equity

	Note	Group		Parent company	
		2024	2023	2024	2023
		TDKK	TDKK	TDKK	TDKK
Share capital	13	1,000	1,000	1,000	1,000
Reserve for development costs		61,210	48,158	0	0
Reserve for exchange rate conversion		6,814	-3,316	0	0
Retained earnings		4,493	86,218	20,210	41,413
Proposed dividend for the year		30,000	65,000	30,000	65,000
Equity		103,517	197,060	51,210	107,413
Provision for deferred tax	14	41,779	46,994	0	0
Provisions		41,779	46,994	0	0
Credit institutions		341,636	340,622	338,888	321,288
Lease obligations		2,404	3,194	0	0
Long-term debt	15	344,040	343,816	338,888	321,288
Credit institutions	15	68,159	100,508	58,031	100,508
Lease obligations	15	1,139	1,241	0	0
Trade payables		79,286	54,455	1,525	1,017
Payables to group enterprises		117,837	53,050	150,042	52,787
Corporation tax		3,863	5,217	862	0
Other payables		63,509	85,900	6,306	13,867
Short-term debt		333,793	300,371	216,766	168,179
Debt		677,833	644,187	555,654	489,467
Liabilities and equity		823,129	888,241	606,864	596,880
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Fee to auditors appointed at the general meeting	20				
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Statement of changes in equity

Group

	Share capital	Reserve for developmen t costs	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	48,158	-3,316	86,218	65,000	197,060
Exchange adjustments	0	0	10,130	0	0	10,130
Ordinary dividend paid	0	0	0	0	-65,000	-65,000
Other equity movements	0	0	0	368	0	368
Development costs for the year	0	13,052	0	-13,052	0	0
Net profit/loss for the year	0	0	0	-69,041	30,000	-39,041
Equity at 31 December	1,000	61,210	6,814	4,493	30,000	103,517

Parent company

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	1,000	131,059	65,000	197,059
Net effect from change of accounting policy	0	-89,646	0	-89,646
Adjusted equity at 1 January	1,000	41,413	65,000	107,413
Ordinary dividend paid	0	0	-65,000	-65,000
Net profit/loss for the year	0	-21,203	30,000	8,797
Equity at 31 December	1,000	20,210	30,000	51,210

Cash flow statement 1 January - 31 December

	Note	Group	
		2024	2023
		TDKK	TDKK
Result of the year		-39,041	7,024
Adjustments	16	108,144	62,243
Change in working capital	17	61,657	18,582
Cash flow from operations before financial items		130,760	87,849
Financial income		205	286
Financial expenses		-39,316	-19,608
Cash flows from ordinary activities		91,649	68,527
Corporation tax paid		-11,996	-25,793
Cash flows from operating activities		79,653	42,734
Purchase of intangible assets		-31,643	-40,159
Purchase of property, plant and equipment		-13,012	-24,925
Fixed asset investments made etc		-199	-2,178
Business acquisition		0	-147,135
Cash flows from investing activities		-44,854	-214,397
Repayment of loans from credit institutions		-32,234	0
Reduction of lease obligations		-891	4
Repayment of payables to group enterprises		-1,318	2,775
Raising of loans from credit institutions		0	193,905
Dividend paid		-21,500	-50,000
Cash flows from financing activities		-55,943	146,684
Change in cash and cash equivalents		-21,144	-24,979
Cash and cash equivalents at 1 January		71,535	96,514
Cash and cash equivalents at 31 December		50,391	71,535
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		50,602	71,535
Cash and cash equivalents at 31 December		50,602	71,535

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
1. Revenue				
Geographical segments				
Americas	320,825	400,000	0	0
Europe	267,037	233,000	0	0
APAC	177,299	176,200	0	0
Other	31,468	23,704	2,834	2,203
	796,629	832,904	2,834	2,203
Business segments				
Impeller	590,642	611,403	0	0
Fan Solutions	205,987	221,501	0	0
Other	0	0	2,834	2,203
	796,629	832,904	2,834	2,203
	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
2. Staff expenses				
Wages and salaries	191,989	180,301	9,755	-100
Pensions	26,032	17,539	3,614	0
Other social security expenses	9,200	9,729	60	0
Other staff expenses	11,684	13,696	98	0
	238,905	221,265	13,527	-100
Including remuneration to the Executive Board and Board of Directors:				
Executive board	6,220	6,864	4,005	0
Board of directors	2,158	2,111	2,158	0
	8,378	8,975	6,163	0
Average number of employees	500	475	6	0

The board has selectively invited key employees to acquire shares in MWG Manco ApS at fair market value.

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
3. Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment				
Amortisation of intangible assets	35,134	22,160	0	0
Depreciation of property, plant and equipment	18,559	16,672	0	0
Impairment of intangible assets	2,075	0	0	0
Impairment of tangible assets	357	0	0	0
	56,125	38,832	0	0

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
4. Financial income				
Interest received from group enterprises	0	0	36,818	0
Other financial income	230	286	13	46
Exchange gains	6,174	4,433	5,213	0
	6,404	4,719	42,044	46

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
5. Financial expenses				
Interest paid to group enterprises	9,091	0	9,091	1,393
Other financial expenses	40,444	32,032	39,066	21,558
Exchange loss	7,134	0	0	1,424
	56,669	32,032	48,157	24,375

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
6. Income tax expense				
Current tax for the year	4,624	6,979	-6,784	-3,971
Deferred tax for the year	-1,527	11,997	-438	2,354
Adjustment of tax concerning previous years	5,652	-12,893	4,455	-2,988
Adjustment of deferred tax concerning previous years	-3,831	-45	-264	-45
	4,918	6,038	-3,031	-4,650

	Parent company	
	2024	2023
	TDKK	TDKK
7. Profit allocation		
Proposed dividend for the year	30,000	65,000
Retained earnings	-21,203	-26,242
	8,797	38,758

Notes to the Financial Statements

8. Intangible fixed assets Group

	Completed develop- ment projects	Patent and technology	Trade name	Product contracts	Goodwill	Develop- ment projects in progress
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	50,191	20,142	10,792	124,261	208,833	53,745
Exchange adjustment	27	0	694	4,339	3,679	-247
Additions for the year	0	0	0	0	5,421	29,092
Disposals for the year	-592	0	0	0	0	0
Transfers for the year	33,439	0	0	0	0	-33,439
Cost at 31 December	83,065	20,142	11,486	128,600	217,933	49,151
Impairment losses and amortisation at 1 January	42,195	693	3,623	30,480	41,747	0
Exchange adjustment	54	0	270	2,161	973	0
Impairment losses for the year	0	0	0	0	0	2,075
Amortisation for the year	10,010	1,712	897	11,432	11,082	0
Reversal of impairment and amortisation of sold assets	-592	0	0	0	0	0
Impairment losses and amortisation at 31 December	51,667	2,405	4,790	44,073	53,802	2,075
Carrying amount at 31 December	31,398	17,737	6,696	84,527	164,131	47,076

The major part group's development projects are related to the development of new types of axial impellers with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for these types of axial impellers.

Notes to the Financial Statements

9. Property, plant and equipment

	Group			Parent company
	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Other fixtures and fittings, tools and equipment
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	27,047	162,129	14,060	109
Exchange adjustment	-300	17	-377	0
Additions for the year	63	12,449	872	0
Disposals for the year	0	-2,080	0	0
Cost at 31 December	26,810	172,515	14,555	109
Impairment losses and depreciation at 1 January	12,757	111,378	11,363	0
Exchange adjustment	-222	389	-355	0
Impairment losses for the year	0	357	0	0
Depreciation for the year	1,261	16,132	1,167	0
Reversal of impairment and depreciation of sold assets	0	-494	0	0
Impairment losses and depreciation at 31 December	13,796	127,762	12,175	0
Carrying amount at 31 December	13,014	44,753	2,380	109
Amortised over	15-20 years	3-5 years	2-5 years	3-5 years

Notes to the Financial Statements

Parent company	
2024	2023
TDKK	TDKK

10. Investments in subsidiaries

Cost at 1 January	247,836	214,560
Net effect from change of accounting policy	0	1,909
Additions for the year	0	31,367
Cost at 31 December	247,836	247,836
Revaluations for the year, net	-8,708	0
Value adjustments at 31 December	-8,708	0
Carrying amount at 31 December	239,128	247,836

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
Multi-Wing International A/S	Denmark	TDKK 500	100%
Multi-Wing Australia Pty., Ltd.	Australia	TAUD 150	100%
Multi-Wing France SARL	France	TEUR 100	100%
Multi-Wing (Suzhou) Co. Ltd.	China	TCNY 4,479	100%
Multi-Wing Ibérica S.L.	Spain	TEUR 27	100%
Multi-Wing GmbH	Germany	TEUR 25	100%
Multi-Wing CZ s.r.o.	Czech Republic	TCZK 200	100%
Multi-Wing Italia Srl	Italy	TEUR 100	100%
Multi-Wing Suzhou Trading Co. Ltd.	China	TCNY 2,040	100%
Multi-Wing SEA Pte. Ltd.	Singapore	TSGD 1,194	100%
Multi-Wing (NEA) Pte. Ltd	Singapore	SGD 100	100%
Multi-Wing US Trading LLC	USA	USD 30	100%
Multi-Wing Group Management Holding Pte. Ltd.	Singapore	TSGD 1,146	100%
Multi-Wing India Pvt. Ltd.	India	TIRN 44,000	100%
Multi-Wing do Brasil Ltda	Brazil	TBRL 3,984	100%
Multi-Wing America Inc.	USA	TUSD 3,200	100%
Multi-Wing UK Limited	UK	TGBP 26	100%
Multiwing Malaysia Sdn. Bhd.	Malaysia	TMYR 500	100%
Multi-Wing Thailand Co. Ltd.	Thailand	TBath 1,000	100%
Multi-Wing UA LLC	Ukraine	TUAH 161	100%
MW Multi-Wing Mexico S.A. DE C.V.	Mexico	TMEP 3	100%
PT Multi-Wing Indonesia	Indonesia	IDR 2,500,000k	100%

Notes to the Financial Statements

Name	Place of registered office	Share capital	Ownership
Vip Air Empowerment Srl	Italy	TEUR 100	100%
Wem Windings Electric Motors Srl	Italy	TEUR 20	100%
Multi-Wing Group LLC-FZ	United Arab Emirates	TAED 100	100%

11. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 January	2,946
Additions for the year	199
Cost at 31 December	3,145
Carrying amount at 31 December	3,145

12. Prepayments

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

13. Share capital

The share capital consists of 1,000 shares of a nominal value of TDKK 1,000. No shares carry any special rights.

Notes to the Financial Statements

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
14. Provision for deferred tax				
Deferred tax liabilities at 1 January	42,800	19,192	-198	1,543
Other adjustments	436	-4,938	0	-4,095
Additions through business combinations	0	16,549	0	0
Amounts recognised in the income statement for the year	-5,358	11,997	-702	2,354
Deferred tax liabilities at 31 December	37,878	42,800	-900	-198
Recognised in the balance sheet as follows:				
Assets	3,901	4,194	900	198
Provisions	-41,779	-46,994	0	0
	37,878	42,800	-900	-198

	Group		Parent company	
	2024	2023	2024	2023
	TDKK	TDKK	TDKK	TDKK
15. 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				
After 5 years	0	0	0	0
Between 1 and 5 years	341,636	340,622	338,888	321,288
Long-term part	341,636	340,622	338,888	321,288
Other short-term debt to credit institutions	68,159	100,508	58,031	100,508
	409,795	441,130	396,919	421,796

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
TDKK	TDKK	TDKK	TDKK

15. Long-term debt

Lease obligations

After 5 years	0	0	0	0
Between 1 and 5 years	2,404	3,194	0	0
Long-term part	2,404	3,194	0	0
Within 1 year	1,139	1,241	0	0
	3,543	4,435	0	0

Group	
2024	2023
TDKK	TDKK

16. Cash flow statement - Adjustments

Financial income	-6,404	-4,719
Financial expenses	56,669	32,032
Depreciation, amortisation and impairment losses, including losses and gains on sales	56,125	38,832
Tax on profit/loss for the year	4,918	6,038
Other adjustments	-3,164	-9,940
	108,144	62,243

Group	
2024	2023
TDKK	TDKK

17. Cash flow statement - Change in working capital

Change in inventories	5,651	13,201
Change in receivables	31,648	-3,726
Change in trade payables, etc	24,358	9,107
	61,657	18,582

Notes to the Financial Statements

Group		Parent company	
2024	2023	2024	2023
TDKK	TDKK	TDKK	TDKK

18. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with credit institutes:

The parent company, Multi-Wing Group A/S:

As security for credit institute engagements:

- A first pledge is given on any outstanding amounts with Multi-Wing International A/S
- A surety (primary liability) provided to Multi-Wing Internationals A/S for any outstanding amounts
- A first ranking pledge of its shares
- Assignment of Material Intra-Group Loans

At Group level:

As security for credit institute engagements:

- Letter of indemnity, floating company charge of 10,000 DKK'000 are given in group entities IP rights, operating equipment, stocks, and receivables.
- A first pledge is given from Multi-Wing International A/S on any outstanding amounts with Multi-Wing Group A/S

Rental and lease obligations

Lease obligations for warehouses and other premises

54,087	58,956	0	0
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Operational leasing arrangements of cars, equipment and IT

7,239	8,978	0	0
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Other contingent liabilities

The Company and its Danish subsidiaries are jointly taxed with the Danish companies of Nortre Administration ApS. The total amount of corporation tax payable is disclosed in the Annual Report of Nortre Administration ApS, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Notes to the Financial Statements

19. Related parties and disclosure of consolidated financial statements

	<u>Basis</u>
Controlling interest	
MWG HoldCo ApS	Parent

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, only transactions that are not performed on market conditions are to be disclosed.

Consolidated Financial Statements

The company are included in the consolidated financial statements of:

<u>Name</u>	<u>Place of registered office</u>
MWG Bidco ApS (ultimate parent)	Vedbæk, Denmark

The Group Annual Report of MWG HoldCo ApS (ultimate parent) may be obtained at the following address:

Staktoften 16
2950 Vedbæk

20. Fee to auditors appointed at the general meeting

The Company is included in the consolidated Financial Statements for MWG Holdco ApS, where the audit fee for the entire group is presented.

21. Subsequent events

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

Notes to the Financial Statements

22. Accounting policies

The Annual Report of Multi-Wing Group A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2024 are presented in TDKK.

Changes in accounting policies

Investments in subsidiaries have historically been recognised and measured using the equity method. In the financial year 2024, the accounting policy has been changed so that investments in subsidiaries are now recognised and measured at cost.

The change has been implemented as part of management's increased focus on dividend distributions from subsidiaries and with the aim of simplifying the financial reporting.

Comparative figures have been restated in accordance with the changed accounting policy. The result for 2023 was positively impacted by DKK 31,734 thousand. Equity as at 1 January 2023 has been negatively affected by DKK 89,646 thousand, corresponding to a reduction of investments in subsidiaries under assets.

Furthermore, equity investments with a negative net asset value, which were previously transferred to provisions in 2023, have been reversed as a result of the changed accounting policy.

Apart from the above-mentioned change, the Annual Report has been prepared in accordance with the same accounting policies as in previous years.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Multi-Wing Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Notes to the Financial Statements

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Segment information on revenue

Information on business segments and geographical segments based on the Group's risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Income statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Cost of goods sold

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

Other external expenses

Other external expenses comprise to distribution, sale, advertising, administration, premises, losses on receivables, lease payments under operating leases etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses including holiday pay and pensions and other costs to social security to the company's employees. there is deducted received compensation from public authority in staff costs.

Amortisation, depreciation and impairment losses

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

Other operating income and expenses

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

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

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

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.

Trade names and customer relations are measured at the lower of cost less accumulated amortisation and recoverable amount. Trade names and customer relations are amortised on a straight-line basis over its useful life, which is assessed at 10-15 years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

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

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

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

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

Buildings	15-20 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	2-5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

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

Investments in subsidiaries

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

Notes to the Financial Statements

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

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

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

The cost of goods for resale, raw materials and consumables equals landed cost.

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

Receivables

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

Prepayments

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

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, including the tax base of tax loss carry-forwards, 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.

Notes to the Financial Statements

Financial liabilities

Loans, such as loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

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

Cash Flow Statement

With reference to section 86(4) of the Danish Financial Statements Act, the Parent Company has not prepared a cash flow statement for the Company itself but has only prepared a cash flow statement for the Group.

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

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

Financial Highlights

Explanation of financial ratios

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