Eltronic Group A/S

Kilde Alle 4, DK-8722 Hedensted

Annual Report for
1 November 2022 - 31 October 2023

CVR No. 35 48 04 63

The Annual Report was presented and adopted at the Annual General Meeting of the company on 16/1 2024

Jens Jørgen Madsen
Chair of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Eltronic Group A/S for the financial year 1 November 2022 - 31 October 2023.

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 October 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

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.

Hedensted, 16 January 2024

Executive Board

Lars Jensen CEO	Jesper Rantala COO

Board of Directors

Jens Jørgen Madsen Chair	Carl Jensen	Christian Møller Christensen
Mari-Louise Kahr Andreasen	Hans-Christian Ellegård Employee representative	Claus Norring Jensen Employee representative
Jeppe Kiilerich Østerlund Employee representative		

Independent Auditor's report

To the shareholders of Eltronic 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 October 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 November 2022 - 31 October 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Eltronic Group A/S for the financial year 1 November 2022 - 31 October 2023, 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.

- 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.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent Auditor's report

Trekantområdet, 16 January 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
mne24817

Heidi Bonde
State Authorised Public Accountant
mne42815

Company information

The Company	Eltronic Group A/S Kilde Alle 4 DK-8722 Hedensted CVR No: 35 48 04 63 Financial period: 1 November 2022 - 31 October 2023 Municipality of reg. office: Hedensted
Board of Directors	Jens Jørgen Madsen, chair Carl Jensen Christian Møller Christensen Mari-Louise Kahr Andreasen Hans-Christian Ellegård, employee representative Claus Norring Jensen, employee representative Jeppe Kiilerich Østerlund, employee representative
Executive Board	Lars Jensen Jesper Rantala
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Group Chart

Company	Residence	Ownership
Eltronic Group A/S	**Hedensted**	
DataIntelligence A/S	Hedensted	100%
Eltronic FuelTech A/S	Hedensted	96,78%
Eltronic FuelTech Korea Yuhanhoesa	Korea	100%
Eltronic A/S	Hedensted	100%
Techno Ejendomme ApS	Hedensted	100%
MME Nordic A/S	Thisted	70%
Udlejningsselskabet af 4. januar 2024 A/S	Hedensted	100%
Dynatest A/S	Hedensted	100%
Dynatest US Inc	United States	100%
Dynatest North America Inc	United States	100%
ENABL A/S	Hedensted	94,32%
Eltronic Global ApS	Hedensted	100%
ENABL (Taicang) Co Ltd	China	100%
ENABL A/S Taiwan Branch	Taiwan	100%
ENABL Engineering Private Limited	India	99,99%
ENABL Bulgaria EOOD	Bulgaria	100%
ENABL Ukraina LLC	Ukrain	100%
ENABL-Wind UK Ltd	United Kingdom	100%
ENABL Inc	United States	100%
ENABL Hungary Kft	Hungary	100%
EPCIDO Holding A/S	Herning	50%
EPCIDO US Inc	United States	100%
EPCIDO Sp. Z.o.o.	Poland	100%
EPCIDO A/S	Herning	100%
EPCIDO Ltd	United Kingdom	100%
EPCIDO GmbH	Germany	100%
SoftXways ApS	Herning	80%
Eltronic PTX A/S	Hedensted	100%

Financial Highlights

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

	Group				
	2022/23	2021/22	2020/21	2019/20	2018/19
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	1,983,916	1,663,233	1,040,632	718,449	618,848
Gross profit/loss	815,565	651,757	536,468	362,943	291,093
EBITDA	151,211	119,378	136,358	61,527	46,891
Depreciation, amortisation and impairment	-55,340	-38,246	-24,840	-23,009	-27,765
Profit/loss of ordinary primary operations	95,870	81,649	111,518	38,258	19,126
Profit/loss of financial income and expenses	-29,893	10,377	-16,171	-4,161	-3,501
Profit/loss before tax	65,977	92,025	95,347	34,097	15,625
Tax on profit/loss for the year	-22,085	-20,862	-28,643	-11,317	-6,110
Net profit/loss	43,892	71,163	66,704	22,780	9,515
Balance sheet					
Balance sheet total	1,057,675	1,134,749	612,111	515,438	423,871
Investment in property, plant and equipment	22,633	75,988	11,367	6,253	8,638
Equity	336,613	282,396	210,085	141,484	115,497
Cash flows					
Cash flows from:					
- operating activities	88,804	-2,547	8,738	95,826	23,103
- investing activities	-22,891	-214,228	-17,815	-21,196	-37,287
- financing activities	-100,839	264,864	-17,924	-39,502	27,003
Change in cash and cash equivalents for the year	-34,926	48,089	-27,002	35,128	12,819
Number of employees	1,217	999	704	609	457
Ratios					
Gross margin	41.1%	39.2%	51.6%	50.5%	47.0%
Profit margin	4.8%	4.9%	10.7%	5.3%	3.1%
Return on assets	9.1%	7.2%	18.2%	7.4%	4.5%
Solvency ratio	31.8%	24.9%	34.3%	27.4%	27.2%
Return on equity	14.2%	28.9%	37.9%	17.7%	9.0%

Management's review

Key activities

The Company's key activities are:

1. to invest in small and medium-sized enterprises or parts of such enterprises

2. to develop the enterprises mentioned in paragraph 1, including participation in strategic management of such enterprises

3. to complete sales of the enterprises mentioned in paragraph 1

4. to carry out other activities which the Executive Board considers to be related to the activities mentioned in paragraphs 1-3.

Eltronic A/S
Eltronic A/S is a knowledge-based company developing, manufacturing and servicing production technology and platforms globally for the manufacturing industry.

Eltronic FuelTech A/S
Eltronic FuelTech A/S is a knowledge-based company developing, manufacturing and servicing process platforms for fuel gas supply systems and platforms globally for the maritime industry.

ENABL A/S
ENABL A/S is a knowledge-based company developing, manufacturing and servicing production technology and platforms globally for the wind energy industry.

Eltronic PtX A/S
Eltronic PtX A/S is a knowledge-based company that develops, manufactures, and services modular process platforms for balance of stack PtX systems. Primarily focusing on electrolysis and synthesis for scaling PtX capacity globally for the energy sector.

Dataintelligence A/S
DataIntelligence A/S is a knowledge-based company which develops, manufactures, and services Data Intelligence & Analytic Platform (DIAP) and electronic platforms globally for the manufacturing industry.

Dynatest A/S
Dynatest A/S is a knowledge-based business which develops, manufactures, and services pavement test systems. The company is world-leading within evaluation of road and runway pavements.

Epcido A/S
Epcido A/S is a knowledge- and project company which installs and services equipment for logistics and distribution centers globally.

MME Nordic A/S
MME Nordic A/S is a knowledge-based company which develops, manufactures, and services production platforms globally for the medico industry.

HE Marine A/S
HE Marine A/S engages in sales, installation, and repair of maritime electronic equipment, as well as electrical installations and other technical services.

Techno Ejendomme ApS
Techno Ejendomme ApS is the company which owns a part of the Group's properties.

Management's review

Development in the year

The income statement of the Group for 2022/23 shows a profit of DKK 43,892k, and at 31 October 2023 the balance sheet of the Group shows equity of DKK 336,613k.

The results for the year are satisfactory.

At the beginning of the financial year in November 2022, the Eltronic Group had a headcount of 1,354 employees in total. This figure included freelancers, the number of which is equivalent to 235 full-time employees (FTEs). At the end of the financial year, in October 2023, the Eltronic Group had a headcount of 1,568 employees in total. This figure includes freelancers, the number of which is equivalent to 298 full-time employees (FTEs).

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

In the fiscal year, the Group has continued to focus on developing, manufacturing, delivering, and servicing advanced production facilities, products, processes, and digitalization for its Danish and international customers.

The global shortage of microchips, among other factors, has been decreasing throughout the year and has stabilized at a new level. There is an ongoing process of redesigning, reserving, and developing new solutions due to various sudden reasons for supply shortages.

Eltronic Group as a whole has managed this disruption in our supply chains very satisfactorily, with no significant impact on our customers.

The year's financial results were influenced by order postponements in the maritime sector and challenges faced by the wind power industry, particularly towards the end of the year. Several projects were cancelled as national governments and developers reacted late to inflationary pressures and interest rate developments. In ENABL, the first half of the year was affected by significant costs related to three Tower & Monopile projects, which have now been completed. Towards the end of the year, earnings from previous periods were restored, providing a solid foundation for significant growth and a healthy financial outlook for the coming years. We have a very positive outlook on the market from the second half of 2024 and are preparing for substantial demand growth.

The Group's management tools are being strengthened and adjusted and have been integrated into the IT management platform, which extensively digitizes the company. The goal is to enhance the performance culture throughout the organization, creating the greatest possible value for customers in the future. Significant investments have been made in expanding and upgrading the company's business platforms and processes to anchor standardized business systems. These investments will continue in 2024 to support increased activity, with a specific focus on AI and ongoing efforts to strengthen and expand cyber security.

Additionally, there has been a focus on the company's sustainability strategy, reflected in a new ESG report. Several initiatives have been introduced to minimize the company's own environmental footprint and, in particular, to minimize customers' footprint in their product manufacturing processes.

Special risks - operating risks and financial risks

Operating risks

The Group’s activities cover development, manufacturing, and delivery of large and complex production solutions to the industry sector, which imply both technical and contractual risks.

However, in Management’s assessment, the Group currently has internal systems and procedures to ensure that the activities for the year may be carried out without any significant technical and contractual risks.

Foreign exchange risks

The majority of the revenue is generated in DKK and EUR. As a result, the Group is exposed to a lesser extent to risks related to currency fluctuations. The uncertainties in other currencies are attempted to be mitigated through the reduction of net positions or the use of financial instruments in significant risk situations.

Credit risks

The Group's customer portfolio primarily consists of large, well-reputed companies, assessed to have a good financial standing. Customers are subject to regular credit ratings, and risks are minimised through payment terms that reduce exposure.

Targets and expectations for the year ahead

Next year, we will focus on consolidation and optimisation of the Group's activities.

The company expects a strong demand within its core business and anticipates achieving a financially satisfactory result for 2023/24 with approximately DKK 2,000m in revenue and an EBT of approximately DKK 100m.

Research and development

Eltronic A/S
Development activities include product maturing of supply platforms for increased recycling, development, and integration of the Company's processes for managing all tasks across the Company.

Eltronic Fueltech A/S
Development activities include the development of product families that ensure new alternative, fossil free, and more environmentally friendly energy and fuel solutions for the maritime industry.

ENABL A/S
The financial year has been a re prioritisation year for ENABL and the development curve for ENABL in the Tower and Monopile market segment has continued. The company has built capacity and have allocated funding in the budget in the coming year for the development of new products and competences expected to support a significant growth and market position in the years to come. The solutions are supporting the development of the offshore wind turbines as well as our consulting business allowing ENABL to take a larger share of the global market. The planned investments contains both competences and automated product solutions.

Dynatest A/S
In the coming years, we expect to invest substantially in the development of digital solutions and new products which can be applied globally across the company.

Our collaboration with universities entails a steady pipeline of qualified resources. We continuously execute 4-5 projects with students at multiple levels through a controlled process. This has already resulted in subsequent solutions and employments.

External environment

The Group is aware of its responsibilities in relation to both the external and the internal environment and shows the necessary consideration when performing individual assignments and with respect to the environment in its services and supplies to customers. Thus, the UN Sustainable Development Goals (SDG) form the basis for the Company's strategic direction, with the clear objective of contributing with technological solutions which reduce the environmental impact. The Group has obtained the ISO 14001 environmental certification, and its environmental impact is considered to be low.

Intellectual capital resources

The Group is a knowledge-based business whose key resources are the competencies and knowledge possessed by its employees.

Competence development and knowledge sharing are keywords. Initiatives for the retention of employees are given high priority.

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

The statutory statement is available on the Company's website cf. http://catalog.eltronic.dk/esg-report-2022-2023/eltronic-group-esg-report-2022-2023pdf/?page=1

Statement on gender composition, cf. section 99b of the Financial Statements Act

The statutory statement is available on the Company's website cf. http://catalog.eltronic.dk/esg-report-2022-2023/eltronic-group-esg-report-2022-2023pdf/?page=1

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

The statutory statement is available on the Company's website cf. http://catalog.eltronic.dk/esg-report-2022-2023/eltronic-group-esg-report-2022-2023pdf/?page=1

Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

Unusual events

The financial position at 31 October 2023 of the Group and the results of the activities and cash flows of the Group for the financial year for 2022/23 have not been affected by any unusual events.

Subsequent events

After the balance sheet date, there have been sales of assets and activities in HE Marine A/S and the name of the Company has been changed to Udlejningsselskabet af 4. januar 2024 A/S.

Additionally, the property company Techno Ejendomme ApS has been sold.

Income statement 1 November 2022 - 31 October 2023

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Revenue	2	1,983,916	1,663,233	62,344	50,096
Other operating income		1,956	1,069	16,315	23,491
Expenses for raw materials and consumables		-1,027,087	-875,410	0	0
Other external expenses		-143,220	-137,135	-40,998	-33,392
Gross profit		**815,565**	**651,757**	**37,661**	**40,195**
Staff expenses	3	-663,602	-532,021	-23,546	-21,529
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment	4	-55,340	-37,732	-647	-585
Other operating expenses		-753	-355	-15,566	-18,464
Profit/loss before financial income and expenses		**95,870**	**81,649**	**-2,098**	**-383**
Income from investments in subsidiaries	5	0	0	41,244	62,883
Income from investments in associates	6	-409	-816	-409	0
Financial income	7	7,280	22,374	8,396	1,614
Financial expenses	8	-36,764	-11,181	-12,227	-2,513
Profit/loss before tax		**65,977**	**92,026**	**34,906**	**61,601**
Tax on profit/loss for the year	9	-22,085	-20,863	1,298	125
Net profit/loss for the year	10	**43,892**	**71,163**	**36,204**	**61,726**

Balance sheet 31 October 2023

Assets

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		TDKK	TDKK	TDKK	TDKK
Completed development projects		50,547	5,054	0	0
Acquired licenses		5,089	4,923	0	0
Goodwill		66,451	94,071	0	0
Development projects in progress		25,725	69,327	0	0
Intangible assets	11	**147,812**	**173,375**	**0**	**0**
Land and buildings		158,763	123,018	1,644	0
Plant and machinery		2,437	429	0	0
Other fixtures and fittings, tools and equipment		8,260	10,603	2,378	2,726
Leasehold improvements		2,359	412	0	0
Property, plant and equipment in progress		7,770	36,309	0	0
Property, plant and equipment	12	**179,589**	**170,771**	**4,022**	**2,726**
Investments in subsidiaries	13	0	0	324,889	361,832
Investments in associates	14	737	514	737	139
Deposits	15	1,844	1,392	0	0
Fixed asset investments		**2,581**	**1,906**	**325,626**	**361,971**
Fixed assets		**329,982**	**346,052**	**329,648**	**364,697**
Inventories	16	**152,365**	**146,141**	**0**	**0**
Trade receivables		330,165	407,244	0	0
Contract work in progress	17	156,715	122,560	0	0
Receivables from group enterprises		0	0	158,097	227,292
Other receivables		31,830	19,878	15,748	4,805
Deferred tax asset	19	0	0	323	347
Corporation tax		2,777	4,070	9,537	1,939
Prepayments	18	9,273	9,310	400	189
Receivables		**530,760**	**563,062**	**184,105**	**234,572**

Balance sheet 31 October 2023

Cash at bank and in hand	**44,568**	**79,494**	**42**	**281**
Current assets	**727,693**	**788,697**	**184,147**	**234,853**
Assets	**1,057,675**	**1,134,749**	**513,795**	**599,550**

Balance sheet 31 October 2023

Liabilities and equity

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK	Parent company 2022/23 TDKK	Parent company 2021/22 TDKK
Share capital		1,311	1,311	1,311	1,311
Reserve for net revaluation under the equity method		0	0	82,118	81,057
Reserve for hedging transactions		-974	-1,037	-974	-1,037
Reserve for exchange rate conversion		1,359	3,862	0	0
Retained earnings		296,056	261,854	215,297	184,659
Equity attributable to shareholders of the Parent Company		**297,752**	**265,990**	**297,752**	**265,990**
Minority interests		38,861	16,406	0	0
Equity		**336,613**	**282,396**	**297,752**	**265,990**
Provision for deferred tax	19	39,201	26,228	0	0
Other provisions	20	13,922	14,318	0	0
Provisions		**53,123**	**40,546**	**0**	**0**
Mortgage loans		70,778	74,598	0	0
Credit institutions		13,500	18,000	13,500	18,000
Lease obligations		750	0	0	0
Other payables		17,824	18,613	2,300	2,000
Long-term debt	21	**102,852**	**111,211**	**15,800**	**20,000**
Mortgage loans	21	3,892	4,009	0	0
Credit institutions	21	152,708	242,245	150,745	240,767
Lease obligations	21	175	0	0	0
Prepayments received from customers		48,281	12,709	0	0
Trade payables		155,101	201,685	4,817	4,735
Contract work in progress	17	56,403	126,480	0	0
Payables to group enterprises		0	0	39,503	52,608
Corporation tax		5,714	7,680	0	0
Other payables	21	130,452	90,517	5,178	15,450
Deferred income		12,361	15,271	0	0
Short-term debt		**565,087**	**700,596**	**200,243**	**313,560**
Debt		**667,939**	**811,807**	**216,043**	**333,560**

Balance sheet 31 October 2023

Liabilities and equity		**1,057,675**	**1,134,749**	**513,795**	**599,550**

Subsequent events	1
Contingent assets, liabilities and other financial obligations	24
Related parties	25
Fee to auditors appointed at the general meeting	26
Accounting Policies	27

Statement of changes in equity

Group

	Share capital	Reserve for hedging transactions	Reserve for exchange rate conversion	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 November	1,311	-1,037	3,862	261,852	265,988	16,407	282,395
Exchange adjustments	0	0	-2,503	0	-2,503	108	-2,395
Capital increase	0	0	0	0	0	17,794	17,794
Ordinary dividend paid	0	0	0	0	0	-3,000	-3,000
Fair value adjustment of hedging instruments, beginning of year	0	1,037	0	0	1,037	0	1,037
Fair value adjustment of hedging instruments, end of year	0	-974	0	0	-974	0	-974
Other equity movements	0	0	0	-2,000	-2,000	-136	-2,136
Net profit/loss for the year	0	0	0	36,204	36,204	7,688	43,892
Equity at 31 October	**1,311**	**-974**	**1,359**	**296,056**	**297,752**	**38,861**	**336,613**

Statement of changes in equity

Parent company

	Share capital	Reserve for net revaluation under the equity method	Reserve for hedging transactions	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 November	1,311	81,056	-1,037	184,658	265,988	0	265,988
Exchange adjustments	0	-2,503	0	0	-2,503	0	-2,503
Fair value adjustment of hedging instruments, beginning of year	0	0	1,037	0	1,037	0	1,037
Fair value adjustment of hedging instruments, end of year	0	0	-974	0	-974	0	-974
Other equity movements	0	-2,000	0	0	-2,000	0	-2,000
Net profit/loss for the year	0	5,565	0	30,639	36,204	0	36,204
Equity at 31 October	**1,311**	**82,118**	**-974**	**215,297**	**297,752**	**0**	**297,752**

Cash flow statement 1 November 2022 - 31 October 2023

	Note	Group 2022/23 TDKK	Group 2021/22 TDKK
Result of the year		43,892	71,163
Adjustments	22	102,327	51,683
Change in working capital	23	-17,990	-93,350
Cash flow from operations before financial items		**128,229**	**29,496**
Financial income		7,280	5,514
Financial expenses		-36,764	-11,180
Cash flows from ordinary activities		**98,745**	**23,830**
Corporation tax paid		-9,941	-26,377
Cash flows from operating activities		**88,804**	**-2,547**
Purchase of intangible assets		-18,765	-76,422
Purchase of property, plant and equipment		-22,634	-75,988
Fixed asset investments made etc		-1,459	-568
Sale of property, plant and equipment		3,579	1,656
Sale of fixed asset investments made etc		375	3,137
Business acquisition		-2,873	-74,318
Sale of minority interests		18,886	8,275
Cash flows from investing activities		**-22,891**	**-214,228**
Repayment of mortgage loans		-3,937	-3,909
Repayment of loans from credit institutions		-94,037	-9,725
Reduction of lease obligations		-74	-101
Repayment of other long-term debt		-789	0
Raising of mortgage loans		0	31,456
Raising of loans from credit institutions		0	247,353
Lease obligations incurred		998	0
Dividend paid		-3,000	-210
Cash flows from financing activities		**-100,839**	**264,864**
Change in cash and cash equivalents		**-34,926**	**48,089**
Cash and cash equivalents at 1 November		79,494	31,405
Cash and cash equivalents at 31 October		**44,568**	**79,494**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		44,568	79,494

Cash flow statement 1 November 2022 - 31 October 2023

Cash and cash equivalents at 31 October	**44,568**	**79,494**

Notes to the Financial Statements

1. Subsequent events

After the balance sheet date, there have been sales of assets and activities in HE Marine A/S and the name of the Company has been changed to Udlejningsselskabet af 4. januar 2024 A/S.

Additionally, the property company Techno Ejendomme ApS has been sold.

2. Revenue

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Geographical segments				
Revenue, Denmark	614,708	840,104	62,344	50,096
Export sales, EU	764,655	360,309	0	0
Export sales, non-EU	604,553	462,820	0	0
	1,983,916	**1,663,233**	**62,344**	**50,096**
Business segments				
Wind	982,351	841,924	0	0
Production systems	458,464	272,657	0	0
Electrical installations	22,632	63,330	0	0
Fuel systems	252,849	238,635	0	0
Installation	173,693	150,799	0	0
Road surface	93,927	95,888	0	0
Management fee	0	0	62,344	50,096
	1,983,916	**1,663,233**	**62,344**	**50,096**

Notes to the Financial Statements

3. Staff Expenses

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Wages and salaries	587,627	468,913	20,705	19,170
Pensions	62,570	52,786	2,612	2,155
Other social security expenses	13,405	10,322	229	204
	663,602	**532,021**	**23,546**	**21,529**
Including remuneration to the Executive Board and Board of Directors:				
Executive board	2,473		2,473	
Board of directors	350		175	
	2,823	**1,384**	**2,648**	**1,234**
Average number of employees	**1,217**	**999**	**37**	**36**

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

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Amortisation of intangible assets	44,393	26,903	0	375
Depreciation of property, plant and equipment	10,521	8,072	647	210
Impairment of intangible assets	426	2,757	0	0
	55,340	**37,732**	**647**	**585**

Notes to the Financial Statements

5. Income from investments in subsidiaries

	Parent company	
	2022/23	2021/22
	TDKK	TDKK
Share of profits	62,979	84,179
Amortisation of goodwill	-21,735	-21,296
	41,244	**62,883**

6. Income from investments in associates

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Share of profits/losses of associates	-409	-816	-409	0
	-409	**-816**	**-409**	**0**

7. Financial income

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Income from securities, which are fixed assets	0	16,860	0	0
Interest received from group enterprises	0	0	7,991	1,363
Other financial income	2,023	697	405	251
Exchange adjustments	5,257	4,817	0	0
	7,280	**22,374**	**8,396**	**1,614**

8. Financial expenses

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Other financial expenses	29,907	8,209	12,227	2,513
Exchange adjustments, expenses	6,857	2,972	0	0
	36,764	**11,181**	**12,227**	**2,513**

9. Income tax expense

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Current tax for the year	16,096	6,841	-1,322	287
Deferred tax for the year	7,316	12,596	24	-412
Adjustment of tax concerning previous years	-6,985	405	0	0
Adjustment of deferred tax concerning previous years	5,658	1,021	0	0
	22,085	**20,863**	**-1,298**	**-125**

10. Profit allocation

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Reserve for net revaluation under the equity method	0	0	5,565	40,766
Minority interests' share of net profit/loss of subsidiaries	7,688	9,437	0	0
Retained earnings	36,204	61,726	30,639	20,960
	43,892	**71,163**	**36,204**	**61,726**

Notes to the Financial Statements

11. Intangible fixed assets

Group

	Completed development projects	Acquired licenses	Goodwill	Development projects in progress
	TDKK	TDKK	TDKK	TDKK
Cost at 1 November	18,734	7,166	190,544	69,327
Exchange adjustment	0	2	0	-186
Additions for the year	0	1,989	1,251	16,926
Disposals for the year	0	-1,499	-6,822	0
Transfers for the year	60,342	0	0	-60,342
Cost at 31 October	79,076	7,658	184,973	25,725
Impairment losses and amortisation at 1 November	13,680	2,242	96,472	0
Exchange adjustment	0	1	0	0
Impairment losses for the year	426	0	0	0
Amortisation for the year	14,423	1,097	28,872	0
Reversal of amortisation of disposals for the year	0	-771	-6,822	0
Impairment losses and amortisation at 31 October	28,529	2,569	118,522	0
Carrying amount at 31 October	**50,547**	**5,089**	**66,451**	**25,725**
Amortised over	5 years	3-8 years	3-10 years	

Some of the development projects relates to the further development of equipment within the company's existing product area. The products are already on the market. The equipment will be sold in the current and new markets to both the company's existing customers and new ones. There is, and is expected, to be a great demand for the products in the coming years.
Furthermore there are the following development projects within the Group.

Aengine project which is a development of a complete fuel supply system for the future ammonia-powered marine engines. This project is expected to be completed end 2024, and the solution can be marketed and sold the same year. There is great interest in the market for this future solution of carbon-free fuels. The project is progressed according to plan, and the relevant resources in the development department have been budgeted for next year to carry out the planned activities.

A Fuel Supply System which is the development of Methanol-powered engines and is a supplement to our Gas Valve Train to deliver the full system from tank to engine. The project is ongoing, and the product is marketed in parallel, as the interest and use of Methanol as fuel has very high focus in the maritime market.

A development projct which concerns a product for use with low pressure LNG-powered engines in a new variant on the existing market. The project is finalized and has had a relatively short development period,

and was thus fully developed in 2022, when both marketing and sales have begun. There has thus been no capitalized cost in 2022/23.
A development of robot-cells regarding the handling of sustainable packaging alternatives in the product environment.

Parent company

	Completed development projects
	TDKK
Cost at 1 November	1,124
Cost at 31 October	1,124
Impairment losses and amortisation at 1 November	1,124
Impairment losses and amortisation at 31 October	1,124
Carrying amount at 31 October	**0**
Amortised over	5 years

Development projects relate to the further development of equipment within the company's existing product area. The products are already on the market. The equipment will be sold in the current and new markets to both the company's existing customers and new ones. There is, and is expected, to be a great demand for the products in the coming years.

12. Property, plant and equipment

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	TDKK	TDKK	TDKK	TDKK	TDKK
Cost at 1 November	139,138	479	15,819	726	36,310
Exchange adjustment	0	0	-57	0	0
Additions for the year	214	2,494	4,627	2,152	13,146
Disposals for the year	0	0	-5,519	0	0
Transfers for the year	41,686	0	0	0	-41,686
Cost at 31 October	181,038	2,973	14,870	2,878	7,770
Impairment losses and depreciation at 1 November	16,121	50	5,216	314	0
Exchange adjustment	0	0	-10	0	0
Depreciation for the year	6,154	486	3,676	205	0
Reversal of impairment and depreciation of sold assets	0	0	-2,272	0	0
Impairment losses and depreciation at 31 October	22,275	536	6,610	519	0
Carrying amount at 31 October	**158,763**	**2,437**	**8,260**	**2,359**	**7,770**
Amortised over	30 years	3-5 years	3-5 years	5 years	
Including assets under finance leases amounting to	0	699	216	0	0

Notes to the Financial Statements

Parent company

	Land and buildings	Other fixtures and fittings, tools and equipment
	TDKK	TDKK
Cost at 1 November	0	2,921
Additions for the year	1,688	255
Disposals for the year	0	-20
Cost at 31 October	1,688	3,156
Impairment losses and depreciation at 1 November	0	195
Depreciation for the year	44	603
Reversal of impairment and depreciation of sold assets	0	-20
Impairment losses and depreciation at 31 October	44	778
Carrying amount at 31 October	**1,644**	**2,378**
Amortised over	20-50 years	3-5 years
Including assets under finance leases amounting to	0	0

	Parent company	
	2022/23	2021/22
	TDKK	TDKK

13. Investments in subsidiaries

	2022/23 TDKK	2021/22 TDKK
Cost at 1 November	280,774	179,082
Additions for the year	400	118,253
Disposals for the year	-37,395	-16,560
Transfers for the year	-1,007	0
Cost at 31 October	242,772	280,775
Value adjustments at 1 November	81,056	39,323
Disposals for the year	28,259	778
Exchange adjustment	-2,503	2,444
Net profit/loss for the year	63,464	84,180
Dividend to the Parent Company	-64,000	-21,490
Other equity movements, net	-1,938	-1,414
Amortisation of goodwill	-21,735	-21,296
Change in intercompany profit on inventories	-486	-1,468
Value adjustments at 31 October	82,117	81,057
Carrying amount at 31 October	**324,889**	**361,832**
Positive differences arising on initial measurement of subsidiaries at net asset value	0	87,415
Remaining positive difference included in the above carrying amount at 31 October	45,463	79,264

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
DataIntelligence A/S	Denmark	100%
Eltronic FuelTech A/S	Denmark	100%
*) Eltronic Fueltech Korea Yuhanhoesa	South Korea	100%
Eltronic A/S	Denmark	100%
Techno Ejendomme ApS	Denmark	100%
MME Nordic A/S	Denmark	70%
Udlejningsselskabet af 4. januar 2024 A/S	Denmark	100%
ENABL A/S	Denmark	93,9%
*) Eltronic Global ApS	Denmark	100%
**) ENABL (Taicang) Co Ltd	China	100%
*) ENABL A/S Taiwan Branch	Taiwan	100%

Notes to the Financial Statements

*) ENABL Engineering Private Limited	India	100%
*) ENABL Bulgaria EOOD	Bulgaria	100%
*) ENABL Ukraina LLC	Ukranie	100%
*) ENABL-Wind UK Ltd	United Kingdom	100%
*) ENABL Inc	USA	100%
*) ENABL Hungary Kft	Hungary	100%
Dynatest A/S	Denmark	100%
*) Dynatest US Inc	USA	100%
*) Dynatest North America Inc	USA	100%
EPCIDO Holding A/S	Denmark	50%
*) EPCIDO US Inc	USA	100%
*) EPCIDO Sp. Z.o.o.	Poland	100%
*) EPCIDO A/S	Denmark	100%
**) EPCIDO Ltd	United Kingdom	100%
**) EPCIDO GmbH	Germany	100%
*) SoftXways ApS	Denmark	80%

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
14. Investments in associated companies				
Cost at 1 November	535	396	0	0
Additions for the year	1,007	139	139	139
Disposals for the year	-396	0	0	0
Transfers for the year	0	0	1,007	0
Cost at 31 October	1,146	535	1,146	139
Value adjustments at 1 November	-21	795	0	0
Net profit/loss for the year	-102	-816	-102	0
Other equity movements, net	21	0	0	0
Amortisation of goodwill	-307	0	-307	0
Value adjustments at 31 October	-409	-21	-409	0
Carrying amount at 31 October	**737**	**514**	**737**	**139**
Positive differences arising on initial measurement of associates at net asset value	1,408	0	1,408	0
Remaining positive difference included in the above carrying amount at 31 October	1,101	0	1,101	0

Investments in associates are specified as follows:

Name	Place of registered office	Ownership and Votes
Sonne Management Invest ApS	Denmark	33,33%
MME Management Invest ApS	Denmark	11,67%

15. Other fixed asset investments

Group

	Deposits
	TDKK
Cost at 1 November	1,393
Additions for the year	451
Cost at 31 October	1,844
Carrying amount at 31 October	**1,844**

16. Inventories

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Raw materials and consumables	84,937	77,159	0	0
Work in progress	50,400	43,158	0	0
Finished goods and goods for resale	16,336	20,932	0	0
Prepayment for goods	692	4,892	0	0
	152,365	**146,141**	**0**	**0**

17. Contract work in progress

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Selling price of work in progress	849,723	754,361	0	0
Payments received on account	-749,411	-758,281	0	0
	100,312	**-3,920**	**0**	**0**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	156,715	122,560	0	0
Prepayments received recognised in debt	-56,403	-126,480	0	0
	100,312	**-3,920**	**0**	**0**

Notes to the Financial Statements

18. Prepayments

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

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
19. Provision for deferred tax				
Deferred tax liabilities at 1 November	26,228	11,174	-347	65
Amounts recognised in the income statement for the year	502	13,617	24	-412
Amounts recognised in equity for the year	12,471	1,437	0	0
Deferred tax liabilities at 31 October	**39,201**	**26,228**	**-323**	**-347**

20. Other provisions

Other provisions have been recognised for expected warranty claims.

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Other provisions	13,922	14,318	0	0
	13,922	**14,318**	**0**	**0**

The provisions are expected to mature as follows:

Within 1 year	13,922	14,318	0	0
After 5 years	0	0	0	0
	13,922	**14,318**	**0**	**0**

21. 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:

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
Mortgage loans				
After 5 years	54,328	57,946	0	0
Between 1 and 5 years	16,450	16,652	0	0
Long-term part	70,778	74,598	0	0
Within 1 year	3,892	4,009	0	0
	74,670	**78,607**	**0**	**0**
Credit institutions				
After 5 years	0	0	0	0
Between 1 and 5 years	13,500	18,000	13,500	18,000
Long-term part	13,500	18,000	13,500	18,000
Within 1 year	4,761	9,865	4,500	9,375
Other short-term debt to credit institutions	147,947	232,380	146,245	231,392
Short-term part	152,708	242,245	150,745	240,767
	166,208	**260,245**	**164,245**	**258,767**
Lease obligations				
After 5 years	0	0	0	0
Between 1 and 5 years	750	0	0	0
Long-term part	750	0	0	0
Within 1 year	175	0	0	0
	925	**0**	**0**	**0**
Other payables				
After 5 years	14,939	13,953	0	0
Between 1 and 5 years	2,885	4,660	2,300	2,000
Long-term part	17,824	18,613	2,300	2,000
Within 1 year	3,478	30	0	0
Other short-term payables	126,974	90,487	5,178	15,450
	148,276	**109,130**	**7,478**	**17,450**

22. Cash flow statement - Adjustments

	Group	
	2022/23	2021/22
	TDKK	TDKK
Financial income	-7,280	-22,374
Financial expenses	36,764	11,181
Depreciation, amortisation and impairment losses, including losses and gains on sales	52,424	38,748
Income from investments in associates	409	816
Tax on profit/loss for the year	22,085	20,863
Exchange adjustments	-2,075	2,449
	102,327	**51,683**

23. Cash flow statement - Change in working capital

	Group	
	2022/23	2021/22
	TDKK	TDKK
Change in inventories	-6,224	-68,107
Change in receivables	31,009	-213,498
Change in other provisions	-396	-13,392
Change in trade payables, etc	-42,442	201,584
Fair value adjustments of hedging instruments	63	63
	-17,990	**-93,350**

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK

24. Contingent assets, liabilities and other financial obligations

Charges and security

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

Land and buildings with a carrying amount of DKK 164,890k.

The following assets have been placed as security with bankers:

A company charge of DKK 123,600k has been created on trade receivables, inventories, fixtures and fittings, tools and equipment as well as goodwill and other intangible rights at a total carrying amount of DKK 472,974k.

The Group and the Parent Company have provided security for balances with credit institutions through a charge on shares in group enterprises with a carrying amount of DKK 83,465k.

Rental and lease obligations

The Group has assumed lease commitments amounting, as at the balance sheet date, to DKK 20,257k in the period of interminability.

The Parent company has assumed lease commitments amounting, as at the balance sheet date, to DKK 1,027k in the period of interminability.

The Group has assumed rent obligations amounting to DKK 27.346k at the balance sheet date in the period of interminability. The lease of the longest duration is interminable until 31 August 2026.

The Parent Company has entered into a lease with a consolidated company at a yearly rent of DKK 15,103k. The lease expires on 31 March 2035.

Guarantee obligations

The Parent Company has provided security in respect of subsidiaries balances with credit institutions to DKK 1,709k at the balance sheet date.

The Parent Company has issued a letter of support in respect of the subsidiary Udlejningsselskabet af 4. januar 2024 A/S.

Other contingent liabilities

Other contractual obligation has been entered into to a value of DKK 40,000k.

In connection with the sale of a capital share, the group has undertaken, if certain circumstances arise in the future until April 2027, to repay a share of the sale price to the buyer.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 2,973k. Moreover, the Danish 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 Group's liability.

25. Related parties

	Basis
Related parties	
Lars Jensen	CEO
Jesper Rantala	COO
Jens Jørgen Madsen	Chair
Carl Jensen	Board member
Christian Møller Christensen	Board member
Mari-Louise Kahr Andreasen	Board member
Hans-Christian Ellegård	Board member
Claus Norring Jensen	Board member
Jeppe Kiilerich Østerlund	Board member

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.

26. Fee to auditors appointed at the general meeting

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	1,557	1,382	85	114
Other assurance engagements	149	129	0	0
Tax advisory services	903	1,009	576	73
Non-audit services	1,344	788	744	173
	3,953	**3,308**	**1,405**	**360**

27. Accounting policies

The Annual Report of Eltronic Group A/S for 2022/23 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 Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in TDKK.

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.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Eltronic 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.

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.

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquistition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

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. Gains and losses 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.

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.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting, see below.

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in the fair value reserve under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Segment information on revenue

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

Income statement

Net sales

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.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Notes to the Financial Statements

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Other external expenses also include research and development costs that do not qualify for capitalisation.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

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 and associates

The items “Income from investments in subsidiaries” and “Income from investments in associates” in the income statement include the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with Danish subsidiaries. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Notes to the Financial Statements

Balance sheet

Intangible fixed assets

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life of 3-10 years, determined on the basis of Management's experience with the individual business areas.

Development projects

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

Other intangible fixed assets

Patents and licences are measured at cost less accumulated amortisation and less any accumulated impairment losses or at a lower value in use.

Patents are amortised over the remaining patent period or a shorter useful life. The amortisation period is 3-8 years. Software licences are amortised over the period of the agreements, which is 3-8 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.

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:

Other buildings	30 years
Plant and machinery	3-5 years
Other fixtures and fittings, tools and equipment	3-5 years

Leasehold improvements	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.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items "Investments in subsidiaries" and "Investments in associates" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of security deposits etc. measured at cost.

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 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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group 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 obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

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.

Financial debts

Loans, such as mortgage loans and 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other 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.

Cash Flow Statement

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”.

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

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of ordinary primary operations x 100 / Revenue
Return on assets	Profit/loss of ordinary primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity

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