

Dialight A/S

Ejby Industrivej 91 B
2600 Glostrup
Denmark

CVR no. 13 89 14 43

Annual report 2019

The annual report was presented and approved at the
Company's annual general meeting on

21 August 2020

Morten Haaning Christensen
chairman

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Dialight A/S
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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Dialight A/S for the financial year 1 January – 31 December 2019.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Glostrup 21 August 2020
Executive Board:

Morten Haaning
Christensen
CEO

Board of Directors:

Arne Karschunke

John Charles Simmons

Morten Haaning
Christensen

Independent auditor's report

To the shareholders of Dialight A/S

Opinion

We have audited the financial statements of Dialight A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter regarding matters in the financial statements

We draw attention to the reference in note 2 "Uncertainty regarding recognition and measurement" where it is shown that there is uncertainty regarding the valuation of the provision for warranties and claims of DKK 4,170 thousand.

Our opinion is not modified in respect of this matter.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

Independent auditor's report

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

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



Independent auditor's report

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 21 August 2020

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn Wolff Hansen
State Authorised
Public Accountant
mne30154

Dialight A/S
Annual report 2019
CVR no. 13 89 14 43

Management's review

Company details

Dialight A/S
Ejby Industrivej 91 B
2600 Glostrup
Denmark

CVR no.: 13 89 14 43
Financial year: 1 January – 31 December

Board of Directors

Arne Karschunke
John Charles Simmons
Morten Haaning Christensen

Executive Board

Morten Haaning Christensen, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 Copenhagen
Denmark

Management's review

Operating review

Principal activities

The principal activities of the company consist of development, production and trading activity mainly within aircraft warning signal lightning and maritime navigation equipment for windmills and any related business in connection with this according to the board of Director's assessment.

Development in activities and financial position

The Company's income statement for 2019 shows a loss of DKK 13,284 thousand against a loss of DKK 262 thousand in 2018. The result of 2019 is affected by declining sales and a provision for a specific warranty claim of DKK 4,170 thousands. Equity in the Company's balance sheet at 31 December 2019 amounts to DKK 339 thousand against DKK 13,623 thousand at 31 December 2018.

Over the past 3 years the Company has decreasing revenues and profits. The set up of the Company was no longer able to produce profits. SABIK Offshore GmbH has after taking over the Company in September 2019 come to the conclusion that the Company's activity should be closed by end of the first quarter of 2020 to avoid further losses.

In August 2020 all activities are closed down and the entity is now without any operations.

In the Company's balance sheet at 31 December 2019 are included a provision of DKK 4,170 thousand, which relates to a known warranty case. The amount provided represents Management's best estimate on actual expected costs to fulfil the claim received. The valuation hereof is associated with uncertainty as no final settlement regarding the claim has yet been agreed on. Consequently actual costs to fulfil the claim might deviate from the amount provided.

Events after the balance sheet date

After the end of the financial year the Company has sold the majority of its inventory to SABIK Offshore GmbH, and closed down activities.

No other significant events have occurred as the company has had no significant activities.

Going Concern

The Company has received a letter of support from the shareholder SABIK Offshore GmbH, where the shareholder declares its support of Dialight A/S until year end 2020. The funding is as per today limited to an amount of DKK 4,170 thousand corresponding to the provision for a claim cf. the description in note 9. In case of increased expenses related to that claim, SABIK Offshore GmbH is willing to reconsider the amount of funding. Management estimate that the amount provided, DKK 4,170 thousand will be sufficient to cover the claim. Consequently Management has presented the annual report for 2019 under the going concern assumption.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2019	2018
Gross profit		10,153	22,854
Staff costs	3	-22,960	-23,424
Depreciation, amortisation and impairment losses		-597	-273
Operating loss		-13,404	-843
Financial income	4	218	580
Financial expenses	5	-1	-2
Loss before tax		-13,187	-265
Tax on profit/loss for the year	6	-97	3
Loss for the year		-13,284	-262
Proposed distribution of loss			
Retained earnings		-13,284	-262
		-13,284	-262

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
ASSETS			
Fixed assets			
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		94	368
Leasehold improvements		0	374
		94	742
Total fixed assets		94	742
Current assets			
Inventories			
Raw materials and consumables		2,072	4,932
Receivables			
Trade receivables		6,303	13,889
Receivables from group entities		0	93
Other receivables		698	900
Deferred tax asset	8	0	97
Corporation tax		0	115
Prepayments		624	816
		7,625	15,910
Cash at bank and in hand		1,298	374
Total current assets		10,995	21,216
TOTAL ASSETS		11,089	21,958

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2019	2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500	500
Liquidation account		-161	13,123
Total equity		339	13,623
Provisions			
Other provisions	9	5,562	435
Total provisions		5,562	435
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments		502	0
Trade payables		2,997	3,034
Payables to group entities		0	2,401
Other payables		1,689	2,465
		5,188	7,900
Total liabilities other than provisions		5,188	7,900
TOTAL EQUITY AND LIABILITIES		11,089	21,958
Contractual obligations, contingencies, etc.	10		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2019	500	13,123	13,623
Transferred over the distribution of loss	0	-13,284	-13,284
Equity at 31 December 2019	500	-161	339

The Company has received a letter of support from the shareholder SABIK Offshore GmbH, where the shareholder declares its support of Dialight A/S until year end 2020. The funding is as per today limited to an amount of DKK 4,170 thousand corresponding to the provision for a claim cf. the description in note 9. In case of increased expenses related to that claim, SABIK Offshore GmbH is willing to reconsider the amount of funding. Management estimate that the amount provided, DKK 4,170 thousand will be sufficient to cover the claim. Consequently Management has presented the annual report for 2019 under the going concern assumption.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Dialight A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

The accounting policies used in the preparation of the financial statements are consistent with those of last year. However reclassifications in comparative figures for 2018 between 'Financial income' and 'Financial expenses' have been done.

Income statement

Gross profit

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

The company has chosen IAS 18 as interpretation for revenue recognition

Income from the sale of goods for resale and finished goods is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding gains and losses on payables and transactions denominated in foreign currencies and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on profit/loss for the year

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Property, plant and equipment

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	2-5 years
Leasehold improvements	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Depreciation is recognised in the income statement in a separate line.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash at bank and in hand

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are easily convertible into cash and which are subject to only an insignificant risk of changes in value.

Provisions

Warranties comprise obligations to make good any defects within the warranty period. Provisions are recognised based on the Company's experience with warranties. Provisions expected to be maintained for more than one year from the balance sheet date are discounted at a rate reflecting risk and the due date for payment.

When it is probable that total costs will exceed total income from a construction contract, the total projected loss on the work is recognised as a provision. The provision is recognised as cost of sales.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Any deferred net assets are measured at net realisable value.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Other liabilities are measured at amortized cost normally corresponding to net realisable value.

Financial statements 1 January – 31 December

Notes

2 Uncertainty regarding recognition and measurement

In the Company's balance sheet at 31 December 2019 are included a provision of DKK 4,170 thousand, which relates to a known warranty case. The amount provided represents Management's best estimate on actual expected costs to fulfil the claim received. The valuation hereof is associated with uncertainty as no final settlement regarding the claim has yet been agreed on. Consequently actual costs to fulfil the claim might deviate from the amount provided.

DKK'000	<u>2019</u>	<u>2018</u>
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3 Staff costs

Wages and salaries	19,601	19,735
Pensions	2,209	2,391
Other social security costs	260	293
Other staff costs	890	1,005
	<u>22,960</u>	<u>23,424</u>

Average number of full-time employees	<u>28</u>	<u>34</u>
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4 Financial income

Interest income from group entities	59	5
Other financial income	0	1
Exchange gains	159	574
	<u>218</u>	<u>580</u>

5 Financial expenses

Interest expense to group entities	<u>1</u>	<u>2</u>
	<u>1</u>	<u>2</u>

6 Tax on profit/loss for the year

Deferred tax for the year	97	-58
Adjustment of tax concerning previous years	0	55
	<u>97</u>	<u>-3</u>

Financial statements 1 January – 31 December

Notes

7 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	1,960	969	2,929
Disposals for the year	-185	0	-185
Cost at 31 December 2019	1,775	969	2,744
Depreciation and impairment losses at 1 January 2019	-1,592	-595	-2,187
Depreciations for the year	-223	-374	-597
Reversed depreciation and impairment losses on assets sold	134	0	134
Depreciation and impairment losses at 31 December 2019	-1,681	-969	-2,650
Carrying amount at 31 December 2019	94	0	94

8 Deferred tax asset

At 31 December 2019 the Company has a total deferred tax asset of DKK 2,915 thousand. Due to uncertainties regarding future utilization of the tax asset Management has decided not to recognise the amount in the financial statements.

9 Provisions

Warranty provisions cover estimated costs regarding a known warranty case. The warranty case is expected to be settled before end of 2020. The amount provided is associated with uncertainty regarding measurement. We refer to the description in note 2 to the financial statements.

DKK'000	2019	2018
Warranty provisions	4,170	435
Provision for salary and severance pay	1,177	0
Provision for non-terminable tenancy and lease obligations	215	0
	5,562	435

10 Contractual obligations, contingencies, etc.

Operating lease obligations

Rent and lease	156	512
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Rent and lease liabilities include a rent obligation totalling DKK 114 thousand with termination date of 1 June 2020. Furthermore, the Company has liabilities under operating leases for IT equipment, totalling DKK 42 thousand with termination date of 1 June 2020.