

Dialight A/S

Ejby Industrivej 91B
2600 Glostrup
Denmark

CVR no. 13 89 14 43

Annual report 2020

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

8 July 2021


Morten Haaning Christensen
Chairman

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Operating review	7
Financial statements 1 January – 31 December	8
Income statement	8
Balance sheet	9
Statement of changes in equity	11
Notes	12

Dialight A/S
Annual report 2020
CVR no. 13 89 14 43

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 2020.

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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020.

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

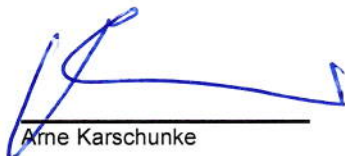
We recommend that the annual report be approved at the annual general meeting.

Glostrup 8 July 2021
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 2020 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 2020 and of the results of the Company's operations for the financial year 1 January – 31 December 2020 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.

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, 8 July 2021

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Kenn Wolff Hansen
State Authorised
Public Accountant
mne30154

Dialight A/S
Annual report 2020
CVR no. 13 89 14 43

Management's review

Company details

Dialight A/S
Ejby Industrivej 91B
DK-2600 Glostrup

CVR no.:	13 89 14 43
Established:	1 January 1990
Registered office:	Glostrup
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
CVR no. 25 57 81 98

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 assesment.

Development in activities and financial position

The Company's income statement for 2020 shows a loss of DKK 195 thousand against a loss of DKK 13,284 thousand in 2019. The result of 2020 is affected by the limited activity in the Company during 2020 and are therefore not compareable to previous years. Prior year result was affected by a specific provision for warranty claim that has been settled in 2020.

Events after the balance sheet date

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

Going Concern

The Company has lost more than half of its share capital.

In order to ensure the Company's continued operations, the Company has received a letter of support from the shareholder SABIK Offshore GmbH. The letter of support is limited to DKK 300 thousand.

In Management's opinion the amount is sufficient to settle the Company's normal expected obligations as they fall due at least until the date of the general meeting, where the annual report for 2021 is approved or until the Company eventually is dissolved during 2021 or 2022.

However as described in note 8, there is a risk, that a warranty claim against the company might be raised. If the counterparty raises this claim, the amount will probably be significant and could affect the company's ability to continue as a going concern.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Gross profit		1,083	10,153
Staff costs	2	-1,665	-22,960
Depreciation, amortisation and impairment losses		-17	-597
Loss before financial income and expenses		-599	-13,404
Financial income	3	13	218
Financial expenses	4	-13	-1
Loss before tax		-599	-13,187
Tax on loss for the year	5	404	-97
Loss for the year		-195	-13,284
Proposed distribution of loss			
Retained earnings		-195	-13,284

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Fixtures and fittings, tools and equipment		0	94
Total fixed assets		0	94
Current assets			
Inventories			
Raw materials and consumables		0	2,072
Receivables			
Trade receivables		27	6,303
Receivables from group entities		2,123	0
Other receivables		955	698
Deferred tax asset		404	0
Prepayments		0	624
		3,509	7,625
Cash at bank and in hand		1,763	1,298
Total current assets		5,272	10,995
TOTAL ASSETS		5,272	11,089

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	2020	2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500	500
Retained earnings		-356	-161
Total equity		<u>144</u>	<u>339</u>
Provisions			
Other provisions	7	<u>0</u>	<u>5,562</u>
Total provisions		<u>0</u>	<u>5,562</u>
Liabilities other than provisions			
Current liabilities other than provisions			
Prepayments		0	502
Trade payables		4,750	2,997
Payables to group entities		378	0
Other payables		<u>0</u>	<u>1,689</u>
		<u>5,128</u>	<u>5,188</u>
Total liabilities other than provisions		<u>5,128</u>	<u>5,188</u>
TOTAL EQUITY AND LIABILITIES		<u>5,272</u>	<u>11,089</u>
Contractual obligations, contingencies, etc.	8		
Related party disclosures	9		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Total
Equity at 1 January 2020	500	-161	339
Transferred over the distribution of loss	0	-195	-195
Equity at 31 December 2020	500	-356	144

The Company has lost more than half of its share capital.

In order to ensure the Company's continued operations, the Company has received a letter of support from the shareholder SABIK Offshore GmbH. The letter of support is limited to DKK 300 thousand.

In Management's opinion the amount is sufficient to settle the Company's normal expected obligations as they fall due at least until the date of the general meeting, where the annual report for 2021 is approved or until the Company eventually is dissolved during 2021 or 2022.

However as described in note 8, there is a risk, that a warranty claim against the company might be raised. If the counterparty raises this claim, the amount will probably be significant and could affect the company's ability to continue as a going concern.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Dialight A/S for 2020 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.

Income statement

Gross profit

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

Revenue

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

The company is part of a Danish joint taxation, with Sabik Offshore ApS as administrative company.

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 and leasehold improvements 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

Notes

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

Notes

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

DKK'000	<u>2020</u>	<u>2019</u>
2 Staff costs		
Wages and salaries	1,134	19,601
Pensions	259	2,209
Other social security costs	80	260
Other staff costs	<u>192</u>	<u>890</u>
	<u>1,665</u>	<u>22,960</u>
Average number of full-time employees	<u>4</u>	<u>28</u>
3 Financial income		
Interest income from group entities	0	59
Exchange gains	<u>13</u>	<u>159</u>
	<u>13</u>	<u>218</u>
4 Financial expenses		
Interest expense to group entities	0	1
Other financial costs	<u>13</u>	<u>0</u>
	<u>13</u>	<u>1</u>
5 Tax on loss for the year		
Deferred tax for the year	<u>-404</u>	<u>97</u>
	<u>-404</u>	<u>97</u>

At 31 December 2020 the Company has a total deferred tax asset of DKK 3,055 thousand. Hereof Management has decided to recognize DKK 404 thousand corresponding to the part of the tax asset, that Management expect will be utilized within the following three years in the Danish joint taxation.

Financial statements 1 January – 31 December

Notes

6 Property, plant and equipment

DKK'000	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	1,775	969	2,744
Disposals for the year	-1,775	-969	-2,744
Cost at 31 December 2020	0	0	0
Depreciation and impairment losses at 1 January 2020	-1,681	-969	-2,650
Depreciation for the year	-17	0	-17
Reversed depreciation and impairment losses on assets sold	1,698	969	2,667
Carrying amount at 31 December 2020	0	0	0

7 Provisions

Warranty provisions at 31 December 2019 cover estimated costs regarding a known warranty case. The warranty case has been settled in 2020.

DKK'000	2020	2019
Warranty provisions	0	4,170
Provision for salary and severance pay	0	1,177
Provision for non-terminable tenancy and lease obligations	0	215
	0	5,562

8 Contractual obligations, contingencies, etc.

The Company is jointly and severally liable for tax on the jointly taxed incomes in the Danish subsidiaries of the Sabik Offshore Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income

The Company has been informed by a former customer, that there are some technical problems with some products delivered in prior years. Any formal claim has not yet been received and based on the information available beginning of July 2021, the possible magnitude if a claim actually will be received, is not possible to estimate.

Due to the uncertainties no provision has been incorporated in the financial statements for 2020. However, if a formal claim will occur and the company can be held liable, there is a risk that the Company will not have sufficient resources to fulfil the claim and thus not continue it's operations as a going concern.

9 Related party disclosures

Dialight A/S related parties comprise the following:

Control

SABIK Offshore GmbH, Wilhelm-Maybach-str. 3, 1906 Schwerin, Germany.

SABIK Offshore GmbH holds the majority of the contributed capital in the Company.

Dialight A/S
Annual report 2020
CVR no. 13 89 14 43

Financial statements 1 January – 31 December

Notes

The Company is not included in consolidated financial statements at a higher ranking group.