annual report 2018

Bladt Industries A/S - Nørredybet 1 - 9220 Aalborg Ø - Denmark
CVR Nr. 14818480
Adopted at the annual General Meeting
26 April 2019

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Chairman - Morten Steensen Jacobsen

Contents

Copenhagen Airport,

At Bladt Industries, we construct steel solutions for our clients within three main business areas: wind and renewable energy, the oil and gas industry, and the infrastructure market.

Wind and renewable energy is the largest of the three business areas. In total, our reference list now counts 21 substations and more than 1,700 foundations.

The oil and gas industry is where our offshore adventure took off more than 40 years ago. Our expertise and know-how covers steel structures such as modules, topsides, jackets and suction anchors.

The infrastructure market is where the story of Bladt Industries started more than 50 years ago. Our infrastructure division delivers various steel structures – from bridges, steel tanks and buildings to harbour and marine facilities. The key market for our infrastructure business is projects with a significant share of steel structures with complexity where we can utilize the knowledge of the team.

Our employees are key to ensuring successful project execution. The qualifications and dedication of our employees are the backbone of the continued development of Bladt Industries and the range of projects that we execute.

Hornsea Project One, UK

Safety always comes first at Bladt Industries. We believe that the health, safety and welfare of our employees and our partners must be an integral part of everything that we do and we continue to strengthen our safety first focus.

All of our facilities have direct access to the sea and we have the infrastructure in place to handle large-scale structures, which enables us to play a leading role in the offshore business.

Quality is paramount for Bladt Industries and for our customers. It is part of the "Bladt DNA" to deliver high-quality steel structures to our clients.

Our customers are the source of our success. We focus on developping strong relations with our customers as trusted partners by meeting and exceed their requirements and expectations.

Management Review

Financial Highlights

DKKm	2018	2017	2016	2015	2014
Key figures					
Revenue	1,455.3	3,086.3	3,484.0	2,949.5	3,201.3
Gross profit	91.0	35.0	162.0	138.3	19.8
Earnings before interest, tax, depreciation, and amortization (EBITDA)	89.3	55.6	183.1	165.2	49.3
EBITDA excl. one-off items*	149.1	145.4	193.1	179.6	54.8
Earnings before interest and tax (EBIT)	43.6	4.5	129.8	110.0	-2.0
Profit/loss from financial income and expenses	-7.7	25.7	-17.3	-25.8	-11.3
Profit for the year	29.5	31.3	86.1	62.1	-8.7
Non-current assets	167.9	199.8	260.9	306.4	309.5
Current assets	778.3	923.3	1,346.9	1,056.4	1,265.5
Total assets	946.3	1,123.1	1,607.9	1,362.8	1,575.1
Equity	429.7	449.0	423.4	388.8	376.7
Non-current liabilities	90.9	95.6	108.5	132.3	156.7
Current liabilities	425.6	578.5	1,075.9	841.7	1,041.6
Net interest bearing debt/Net cash	118.5	-85.8	-47.2	-66.2	137.8
Investment in property, plant, and equipment	13.7	3.7	17.4	26.9	48.1
Investment in joint ventures (shares)	0.0	0.0	0.0	-40.2	0.0
Divestment of joint venture company (shares)	0.0	49.7	0.0	0.0	0.0
Cash flows from operating activities	281.6	-57.2	96.9	-75.1	91.3
Cash flows from investing activities	-13.7	45.0	-17.5	-67.2	-48.1
Free cash flows	267.8	-12.3	79.5	-142.2	43.3
Financial ratios					
Operating margin (%)	3.0	0.1	3.7	3.7	-0.1
Solvency ratio (%)	45.4	40.0	26.3	28.5	23.9
Return on equity (%)	9.9	1.0	32.0	28.7	-0.5
ROIC (%)	10.3	0.9	28.1	37.7	-0.8
ROIC excl. one-off items (%)	24.5	18.7	30.2	35.8	1.4
Average number of employees	355	557	638	586	628

The financial ratios have been prepared in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015". We refer to the definition of financial ratios on page 63, note 34.

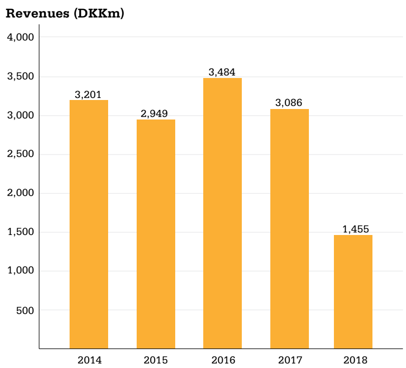
* Reconciliation of one-off items effecting EBITDA to internal reporting

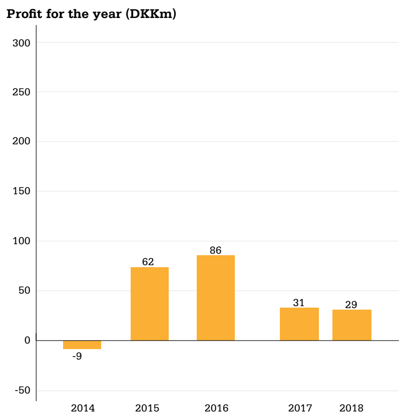
Going global

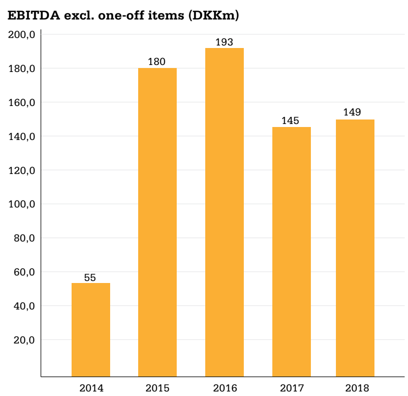
Bladt Industries continued to play an important role in the globalisation of the offshore wind industry in 2018, with the signing of a joint venture agreement with our Taiwanese partner to create a jointly owned production facility for offshore wind turbine foundations in Taiwan – named Century Bladt Foundation Co., Ltd. The production facility is under construction. Together with the signing of the first production order for the foundations for offshore wind turbines at Century Bladt Foundations Co., Ltd., this is a significant step in the development of an industrial scale offshore wind industry outside Northern Europe. At Bladt Industries, we are pleased to play our role in this development and believe that the globalisation of offshore wind holds attractive commercial opportunities for Bladt Industries.

In Europe, 2018 was a challenging year for the offshore wind industry supply chain. Several projects were delayed as offshore wind developers awaited larger wind turbines. This caused a temporary but significant slowdown in offshore wind supply chain activity, affecting both Bladt Industries and other supply chain players. Thus, Bladt Industries recorded revenues of DKK 1,455 million which was a significant decrease compared to 2017 (DKK 3,086 million). However, due to very strong execution of customers project portfolio in 2018, earnings before interest and tax grew to DKK 44 million (2017: DKK 4 million). Both in the short and long term, activity in the offshore wind industry is expected to grow significantly both in existing European markets and in emerging overseas markets.

During 2018, Bladt Industries worked on foundations for wind turbines for five offshore wind farms, totalling 260 foundations across these wind farms. Bladt Industries also worked on five substations for two different offshore wind farms in 2018. Customers decide to move some of the orders within offshore wind from other suppliers in the market and placed these with Bladt Industries instead, to ensure the delivery of the contracts.







Bladt Industries 2018: Entering Taiwan and XL monopiles

The activity level at Bladt Industries in 2018 was affected by a temporary slowdown in the entire offshore wind industry with postponements of offshore wind development projects in e.g. Denmark, France, and the Netherlands. This has impacted the supply chain for offshore wind foundations and substations as well as other parts of the offshore wind value chain in 2018 and has caused the revenues of Bladt Industries to be significantly lower in 2018 compared to 2017.

However, the underlying project activity at Bladt Industries has due to the mix of contracts been higher than suggested by the revenues. For a number of projects executed by Bladt Industries in 2018, the order was originally awarded to new entrants in the market pursuing marketeshare. Some of these new entrants struggled with delivery and performance of these orders and this led to some orders being moved away from these new entrants to more established tier one suppliers in the market such as Bladt Industry. Therefore for such projects, Bladt Industries has completed the work, but did not commence the work including for instance purchasing steel thereby reducing revenues without reducing the activity level. Together with a successful execution of the project portfolio this has led to improved earnings in 2018 compared to 2017 – despite the lower revenues.

The project portfolio executed by Bladt Industries in 2018 included the finalization of offshore wind turbine transition piece foundations for the Hornsea One and the Horns Rev 3 offshore wind farms. Further the project portfolio included the initiation of transition piece foundations for the Borssele 1 and 2 offshore wind farm as well as the initiation of both large ("XL") monopile and transition piece foundations for the Northwester 2 offshore wind farm – and the production for both Borssele 1 and 2 and Northwester 2 will gain full momentum in 2019.

Thus, the order contracted for the Northwester 2 offshore wind farm for the fabrication of XL monopiles and transition pieces mark the return of monopile fabrication to Bladt Industries production site in Aalborg Denmark. To this end, Bladt Industries have been and will be investing in expansion of the production facilities in 2018 and in 2019. Bladt Industries are determined to continue the development to be a leading market participant within fabrication of monopiles in addition to transition pieces and already has further monopile production projects in the pipeline of projects for 2019/2020.

Also, the project portfolio of Bladt Industries in 2018 included jacket foundations for offshore wind turbines. Bladt Industries finalized the production of 30 jacket foundations for the Beatrice offshore wind farm successfully completing our third consecutive project with fabrication of jacket foundations for offshore wind turbines.

In August 2018, Bladt Industries and Taiwanese partner Century Wind Power signed a joint venture agreement to jointly own and operate a production facility for foundations for offshore wind turbines in Taipei Harbour in Taiwan. The joint venture company will be named Century Bladt Foundation Co., Ltd. The Taiwanese offshore wind market will take off from 2020 and by 2025 a total of 5.5 gigawatt of offshore wind capacity is expected to be installed in Taiwanese waters. The foundation types in Taiwan will primarily be jacket foundations. This agreement is a landmark for the

emerging development of a Taiwanese supply chain for offshore wind as it brings together a well-established local fabricator with an experienced international offshore wind tier one supplier with a large track record in offshore wind.

After signature of the joint venture agreement the incorporation of the new legal entity in Taiwan is now ongoing. Also ongoing is the construction of the production facility which is an investment made by our partner Century Wind Power – the joint venture will rent the production facility and utilize it for fabrication of offshore wind foundations. Assembly/fabrication will be the scope of work undertaken by the joint venture, while Bladt Industries will undertake the scope of work related to managing the sourcing of all sub-assemblies and components for the foundations from an international supplier base. The new facility will be fully operational during 2019 and already there is the first contract for production of jacket foundations for a Taiwanese offshore wind farm in place.
The activity level within substations for offshore wind farms was high at Bladt Industries in 2018. Bladt Industries completed the production of a total of three offshore substations plus one offshore reactor substation for the Hornsea One offshore wind farm. Further, Bladt Industries initiated the fabrication of the offshore substation for the Northwester 2 offshore wind farm.

Within the infrastructure business area Bladt Industries' activities in 2018 included multiple projects, including for instance Denmark's longest indoor bridge in Copenhagen Airport linking the security area directly with the metro station, an architecturally innovative addition to the Kistefos museum in Norway, the bridge for the Køge Nord Station crossing freeway lanes and railroad tracks, various harbor infrastructure projects in Denmark and Norway as well as steel works in Helsinki Airport.

Bladt Industries is looking into 2019 with a strong order book for offshore wind projects and in addition to these firm orders, Bladt Industries have already been appointed as preferred supplier for a number of additional projects for execution in 2019 and beyond. This is based on Bladt Industries being seen as "on-cost efficient on-time and on-quality and safely delivery for our customers".
In order to further solidify Bladt Industries' leading positon as a tier one supplier to offshore wind projects, we - at the end of 2018 - initiated a large scale optimization programs within operations and procurement. We expect these programs to deliver substantial efficiency improvements starting during 2019 with full effect from 2020.

Market developments
The markets of highest relevance to Bladt Industries are the global markets for offshore wind, the North Sea oil and gas market and the Nordic steel related infrastructure markets (e.g. bridges, tanks, harbor and marine installations etc.).

As expected, the European offshore wind markets for foundations and substations under fabrication – which are driven by gigawatts to be installed in the coming years – were decreasing in 2018 due to postponements of projects into late 2018 and early 2019. This caused a lower activity level for the majority of 2018. On the other hand 2019 is expected to be a year of increased activity – partly as a result of the postponements impacting 2018. Looking forward, the offshore wind

market both in terms of gigawatts and in terms of tonnage of foundations are expected to show double-digit annual growth rates in the years to follow both in established European markets and in emerging overseas markets. 60% of the global growth is expected to happen within the European offshore wind market. Installed global capacity is expected to grow from 18 GW to app 160 GW in 2030.

The North Sea offshore oil and gas market activity continued at a low level in 2018 due to oil prices remaining relatively low. Going forward some growth is expected due to upgrades of existing oil and gas fields in the North Sea, however, this will be dependent on the oil price development as well as developments in the regulatory framework for North Sea offshore oil and gas.

The decade of offshore wind

On the verge of the 2020s offshore wind is projected to enter a phase of significant growth and to make the leap into an important source of renewable energy in the global energy mix.

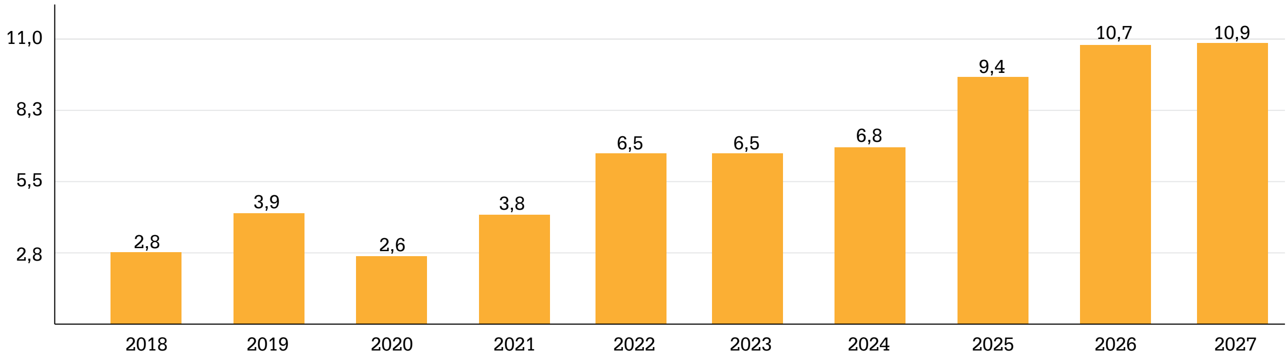
The expected double-digit annual average market growth rates in the coming years for offshore wind are of course driven by the environmental sustainability of offshore wind. However, with the recent low and partially subsidy-free energy prices of offshore wind realized at recent offshore wind auctions this environmental sustainability is now complemented with financial sustainability. All in all, these factors combine to make offshore wind an attractive energy source with a bright future.

Another driver of the expected offshore wind market growth is the expansion of offshore wind internationally. Traditionally, offshore wind has been solely a Northern Europe business (North Sea, Irish Sea, Baltic Sea). In recent years this has been supplemented with the emerging Chinese offshore wind market.

In the coming years further countries will join the ranks of offshore wind producing countries. The Taiwanese market will grow and add 5.5 GW of offshore wind capacity by 2025 – these targets are shared by the Taiwanese governments, by experienced international offshore wind developers and by established international supply chain players such as Bladt Industries. Also, the US offshore wind market is expected to take off initially on the East Coast with a first large commercial scale offshore wind farm to be built in Massachusetts in the coming years. During the coming decade, markets such as for instance France, Poland Japan, Australia, Vietnam and South Korea are also expected to build commercial scale offshore wind farms.

Overall, both the established European markets as well as emerging overseas markets are expected to contribute to the significant growth of offshore wind in terms of gigawatt installed – as can be seen from the graph below (which shows the global market excluding China). In terms of accumulated tonnage of foundations, this is projected to display a similar growth rate driven by a lower number of foundations per gigawatt (due to larger wind turbines) and heavier foundations (due to larger wind turbines and deeper waters of new offshore wind farms).

Expected GW installed (global ex. China)



GW installed (Global ex China). Year = grid connection not fabrication.
Source: WOOD Mackenzie

Monopile-transition piece type foundations are expected to continue to be the most prevalent type of foundations for offshore wind turbines also in the coming years. Monopiles are expected to continue to grow in size to cater for the increased turbine size and the deeper waters. However, jacket foundations are projected to play an increasing role – both in UK and France with larger turbines and deeper waters in and in Taiwan due to the seabed conditions and the risk of natural disasters. Longer term, floating foundations will also emerge – e.g. for the Japanese waters and the US West Coast. Such floating foundations are also expected to have a very high steel content.

Bladt Industries are uniquely positioned to capitalize on this projected market growth. This position builds on our very strong track record within delivery of offshore wind foundations and substations to date. It is complemented by the international cooperation with strong local players in emerging markets – as exemplified by our joint venture in Taiwan and the preparations for entry into the US market. Further, the re-entry into monopile production with the establishment of XL monopile fabrication facilities underpin this position – as does the operational and procurement excellence programs currently being implemented at Bladt Industries.

Financial Review

In 2018, Bladt Industries recorded revenues of DKK 1,455 million (2017: 3,086 million) which is a decrease of 53% nominally and organically. As stated above, the lower revenue level is the result of a temporary slowdown in the entire offshore wind supply chain and the contractual scope – also impacting offshore foundations and substations.

Gross profit amounted to DKK 91 million (2017: 35 million), representing an increase of 160% despite the lower revenue level. In spite of the lower revenues, the very strong execution of Bladt Industries' project portfolio in 2018 together with a high project activity including projects taken over from other players in the market (i.e. with less steel purchased by Bladt Industries as part of revenues) have driven the increase in gross profit. A project from 2014 continues to involve disagreement regarding the settlement of variation orders and claims between Bladt Industries and the customers on this specific project. Here Bladt Industries has commenced arbitrational proceedings which continue to be ongoing. Bladt Industries and its legal advisers are confident in its position and the merits of the case. As with all such disagreements there is uncertainty as to the financial outcome of the dispute which can have a significant positive or negative effect.

Capacity costs have increased in 2018 compared to 2017 reflecting the high underlying project activity. Capacity costs are also impacted by increased costs related to concluding the joint venture agreement in Taiwan and by costs related to the change of CEO at the beginning of 2018. Operating profits (EBIT) increased to DKK 44 million (2017: 4 million) and are positively impacted by the strong execution of the project portfolio in spite of the lower revenues. In 2017, the result from joint ventures improved significantly with divestiture of ownership shares in Bladt Industries' previous UK joint venture – no such divestiture or other major change took place in 2018. Overall profit before tax increased to DKK 36 million (2017: 30 million)

Tax on profits for the year, consisting of current tax of DKK 1 million and changes in deferred tax of DKK 5 million, amounted to DKK 6 million (2017: tax income of 1 million) corresponding to a tax rate of 18.0% (2017: -3.8%). Profit for the year after tax amounted to DKK 29 million (2017: 31 million) which is slightly above the expectations for the year and satisfactory in light of the temporary slowdown of the offshore wind supply chain in 2018.

At the end of 2018, total assets amounted DKK 946 million (2017: 1,123 million) and total equity amounted to DKK 430 million (2017: 449 million). During the year only group internal dividends were paid, no dividends were distributed to shareholders outside the Bladt Group. The Board of Directors recommends to the annual general meeting that no dividends be declared in respect of the 2018 financial year.

Transition pieces in the process, Aalborg

In 2018, Bladt Industries realized a very strong cash flow from operations of DKK 282 million (2017: -57 million). The cash flow is positively impacted by the strong execution of the project portfolio of Bladt Industries and by changes in working capital which – as expected – improved significantly in 2018. Such working capital fluctuations at different points in time are common for large scale contracts. Net cash flow from investment activities amounted to DKK -13 million including the commencement of investments into expanding the XL monopile production capacity (2017: 45 million including cash-in from the divestiture of Bladt Industries' ownership share in a UK production joint venture in 2017). Total cash flows from operations and investments amounted to DKK 268 million (2017: -12 million).

No events of significant importance to the financial statements and annual report for 2018 have occurred after the end of the financial year.

Outlook 2019

After the offshore wind market having been challenging for the entire industry in 2018 with a lower activity level due to postponements of wind farms, the outlook for 2019 is improving with increased activity in the building of new offshore wind farms. Thus, the revenues, the gross profit as well as the earnings before tax of Bladt Industries are all expected to be at a higher level in 2019 compared to 2018. The outlook is based on a solid order book for 2019 which secures a large part of the 2019 outlook. This order book includes wind turbine foundations for the Borssele 1+2, the Northwester 2 and the Kriegers Flak offshore wind farms, offshore substations for the Hornsea One and the Northwester 2 offshore wind farm, new building at Kistefos museum, various harbor infrastructure projects as well as numerous other infrastructure projects. In addition to these firm orders, Bladt Industries have already been appointed as preferred supplier for a number of additional projects for execution in 2019 and beyond.

Hornsea Project One foundations, UK

Foundations for Offshore Wind Turbines

Hornsea Project One, UK
In January 2017, Bladt Industries was awarded a contract by Ørsted for a total of 96 transition pieces for the Hornsea Project One, and later again the same year an additional order for an extra 28 transition pieces for the same project was secured. 56 of the transition pieces were manufactured in the UK whereas the 68 transition pieces were fabricated at our Aalborg facilities.

The fabrication of transition pieces for the Hornsea Project One were completed at our Aalborg facilities in the first half of 2018. During the last half of 2018 the final hand over and load out to Ørsted were completed.

Each transition piece has a weight of approximately 330 tonnes and a diameter of 6 metres. The Wind Farm is located in the North Sea approximately 120 kilometres off the coast of Yorkshire in Great Britain.

Horns Rev 3, Denmark
In December 2017 Bladt Industries was awarded a contract by Smulders Projects Belgium N.V for outfitting and assembly of secondary steel onto 24 transitions pieces for Horns Rev 3 windfarm. The primary steel and main part of the secondary steel was free issued to Bladt Industries by Smulders Projects Belgium N.V. The work included welding of flanges, corrosion protection, mounting of secondary steel and electrical works. The Transition Pieces were fabricated at Bladt Industries' yard in Aalborg.

The Transition Pieces have a diameter of 6.5 metres, height 32 metres and an average weight of 390 tonnes. Fabrication was finalized third quarter

Horns Rev 3, Denmark

of 2018. Horns Rev 3 Offshore Wind Farm is located in the North Sea 25-40 kilometres west of the coast of Denmark. With a total capacity of up to 406.7 MW, the wind farm will be able to supply CO^{2}-free power corresponding to the annual power consumption of approximately 450,000 country households.

Northwester 2, Belgium
In the second quarter of 2018, Bladt Industries was awarded the contract for 23 WTG foundations and 1 OHVS foundation for the Northwester 2 offshore windfarm. Each foundation consist of one Monopile foundation with diameters between 6.5 to 8 metres and one Transistion piece with diameter of 6.5 metres.

The project will be executed from fourth quarter 2018 and are planned to be finalized third quarter 2019.

The Northwester 2 offshore wind farm is located 48 kilometres off the Belgian coast and will have the largest and most powerful wind turbines currently available on the market: the V164-9.5MW, with a rotor diameter of 164 metres. The wind farm will have an installed production capacity of maximum 219MW produced by 23 WTGs of 9.5MW each.

Borssele 1 + 2, The Netherlands
Late September 2018, Bladt was awarded the contract for delivery of 35 transition pieces for the Borssele 1+ 2 project, with an option for additional 24 transition pieces.

The Borssele Offshore Wind Farm has been designed, and will be build and operated, by Ørsted. The Borssele 1+2 Offshore Wind Farm Project will be placed approximately 22 kilometres off the coast of the province of Zeeland in the Netherlands. The entire project consist of a total of 94 turbines manufactured by Siemens Gamesa. As each turbine is 8.0 MW, the combined accumulated output will be 752 MW.

In December 2018 Ørsted decided to place the order of the additional 24 transition pieces at Bladt Industries – giving a total of 59 transition pieces for Bladt Industries to supply. Each transition pieces is almost 26 meters high with a diameter of 6 meter. At load out the weight of each transition pieces will be approximately 377 ton including a 86 ton concrete external platform.

First load out is scheduled to take place early September 2019 and the last load out beginning of January 2020.

Beatrice, UK

Jacket Foundations for Offshore Wind Turbines

Beatrice, UK
From June 2016 and throughout 2017 the Lindø facilities were fully booked for the production of 30 jacket foundations for the Beatrice offshore wind farm. Seaway Heavy Lifting was our client on the project.

The four-legged jacket foundations with a height of up to 74 metres, a weight up to approximately 1,030 tonnes each and a footprint of 24 x 24 meters and are being installed in water depths of up to 47 meters.

The last jacket was delivered mid-2018. Beatrice Offshore Wind Farm is located approximately 13 kilometres off the Caithness coast in Scotland. With a total capacity of up to 588 MW, the wind farm will be able to supply to supply approximately 450,000 households.

Hornsea Project One, UK

Offshore Wind Substations

Hornsea Project One, UK
In May 2016, Ørsted awarded Bladt Industries a contract on three substation topsides to the Hornsea Project One offshore wind farm.

Each of the three substation topsides for the offshore wind farm weights approximately 2,800 tonnes.

In addition to the three substations Bladt Industries has also undertaken the finalization work for the reactor substation produced for the Hornsea Project One.

The three substations and the reactor station was sailed away during 2018.

The Hornsea Project One is going to become the world's largest offshore wind farm with a total capacity of 1.2 GW it will provide more than 1,000,000 UK households with electricity. Hornsea Project One is located 120 km from the Yorkshire coast in the UK.

Køge Nord Station , Denmark

Infrastructure

Køge Nord Station, Denmark
In June 2016, Bladt Industries signed a contract with the national Danish railtrack operating company, Banedanmark, to build an innovative pedestrian bridge for Køge Nord Station. The bridge featured on CNN's list "The most spectacular bridges in the world". As the general contractor on this project, Bladt Industries' scope covers all steel work, earth work, drainage, foundations, concrete work, bridge flooring, thermal envelope and smoke ventilation, elevator, escalators, electrical work as well as finalizing the outfitting of the bridge.

Kistefos Museum – Art Gallery Bridge, Norway
In 2017, Bladt Industries started the preparations for the turnkey contract for an architecturally and technically advanced art gallery connecting the south and north sides of the Randselva River in Jevnaker north of Oslo in Norway.

The steel structure covers a 60 metres long free span over the river with a total weight of 380 tonnes. The bridge at the Kistefos Museum forms a rectangular closed form with an angle of 90 degrees in its span across the river.

Kistefos Museum, Norway

The project is expected to be completed by mid-2019.

CPH metro gangway, Denmark
In the fourth quarter of 2017, Bladt was awarded a contract by Copenhagen Airports A/S (CPH) for the delivery of a new 100 meters long inner gangway across the Terminal 3. The bridge forms a direct connection for the passengers between the airport metro station and the Security Check-in.

In addition to the main bridge, which is approximately 6 metres wide and 100 metres long, two smaller side bridges, two new staircases and an escape route etc. are also provided.

The bridge is the longest indoor bridge in Denmark.

The project was completed and delivered on schedule in the summer of 2018.

Tank renovation, Greenland
In 2018 Bladt Industries has been back in Greenland. The assignment was to do larger renovation jobs for our client Ommen & Møller.

The projects started in spring 2018 and ended just before Christmas 2018.

Pathbridges, Denmark
In 2018 Bladt Industries has been busy with several pathbridges for various clients. Latest installed in 2018, was a smaller pathbridge for MJ Eriksen installed in Aalborg, Denmark. A 54 tonnes, 37 metres long and 6.8 metres wide pathbridge. The project was installed on schedule.

Ystad Harbour , Sweden

Harbour & Marine

Color Line

In October 2017, Color Line and Bladt signed a contract for the delivery of two complete passenger landing facilities for installation in the shipping ports of Sandefjord, Norway and Strömstad, Sweden, respectively. Bladt Industries is the turn-key contractor of the project, which consists of complete design and dimensioning, manufacturing and delivery of combined stairway and elevation towers, personal elevators and engineering houses. The facilities will be used in connection with the shipping company's new plug-in hybrid ferry M/V Color Hybrid. The delivery of the final passenger landing facilities will take place in 2019.

Molslinjen

Bladt Industries was awarded a turnkey contract for the delivery of complete passenger landing facilities with telescopic landings, staircases and elevators, new ramps as well as rebuilding of the Rønne and Ystads harbours existing ramps. In addition to the delivery of the physical facilities, Bladt has been responsible for municipality approvals, complete design and dimensioning, hydraulics, control and safety systems as well as installation and commissioning.

Rønne Harbour Denmark

Scanlines

In October 2018 Bladt was awarded a main contractor contract by Scandlines for the rebuilding and replacement on the existing ferry linkspan at the ferry port in Geders, Denmark. The work comprises of construction of new foundations, fender works, design and the building of a new steel protal for the existiong linkspan, design and rebuild of the existing linkspand including an adapter piece, hydraulics and operation system.

The existing linkspan was delivered and installed by Bladt back in 2004.

The present work has to be finalised by April 2019.

Corporate Governance

Governance, Board of Directors and Management

Bladt Industries A/S is fully owned by Bladt Holding A/S via the company Bladt Industries Holding A/S. Nordic Capital CV1 Ltd. is the ultimate majority shareholder in Bladt Holding A/S, and a number of executives and board members also hold shares and warrants in Bladt Holding A/S. By virtue of its ownership, the group is subject to the "Guidelines for responsible ownership and corporate governance" laid out by the Danish Venture Capital and Private Equity Association (DVCA). It is the intention of Bladt Industries to comply with the guidelines including substantiating any deviation. Further information regarding the guidelines is available at DVCA's website www.dvca.dk.

The organization of the tasks of the Board of Directors and the Executive Board is, among other things, based on the Danish Public Companies Act, the Danish Financial Statements Act, the articles of association of the company and the rules of procedures for the Board of Directors of the company. The Board of Directors and the Executive Board apply these requirements and procedures according to good practices in comparable companies. Additionally, Bladt Industries intends to comply with DVCA's "Guidelines for responsible ownership and corporate governance" as described above.

The Board of Directors consists of five members. One member is a representative of the ultimate majority shareholder (Lars Terney of NC Advisory A/S), two are elected at the annual general meeting and are independent of the ultimate majority shareholder (Bjarne Moltke Hansen and Jørgen Huno Rasmussen), and two are elected by the employees of Bladt Industries according to the Danish Public Companies Act.

The Board of Directors represents international business experience in the areas of industry, business development, large-scale contracting, offshore wind, M&A transactions, finance management and general management and is deemed to possess the necessary competences and seniority.

Rules of procedures have been adopted by the Board of Directors governing the board conduct. Additionally, the Board of Directors employs the following sub-committees: Executive (Chairman's) Committee, Audit Committee and Remuneration Committee. The following board members are represented in the individual committees:

- Executive (Chairman's) Committee: Bjarne Moltke Hansen (Chairman), Lars Terney
- Audit Committee: Bjarne Moltke Hansen (Chairman)
- Remuneration Committee: Lars Terney (Chairman), Jørgen Huno Rasmussen

Four to seven ordinary board meetings are held per year. Among other things, the Board of Directors determines the strategy of the company, decides the composition of the Executive Board, monitors Executive Board compliance with the strategy and the procedures of the company, and is an active sparring partner to the management of the company. Additionally, six to ten Executive (Chairman's) Committee meetings are held per year with the Executive Board to further follow-up on the direction and operations of the company between board meetings. The Executive Board and management of the company prepare a monthly report to the Board of Directors detailing the company's operational and financial performance as well as capital resources.

The Audit Committee operates according to its charter approved by the Board of Directors and refers to the Board of Directors. The tasks of the Audit Committee as specified in its charter include, among other things:

- To monitor the financial reporting process and the company's presentation of financial statements
- To monitor the adequacy and application of accounting policies and of significant accounting estimates
- To monitor whether the company's systems of internal controls and risk management practices function efficiently
- To monitor the external statutory audit of the company's annual financial statements
- To monitor the independence of the external auditor
- To make recommendations to the Board of Directors concerning the appointment of external auditors
- Four Audit Committee meetings are held per year.

The Audit Committee has organized and formalized its tasks in its annual plan approved by the Board of Directors.

Board of Directors and diversity

Report on the gender composition in management, cf. section 99b of the Danish Financial Statements Act:

It is the objective of Bladt Industries to promote diversity, including obtaining a reasonable representation of the underrepresented gender in the Board of Directors, in order to strengthen the breadth of the Bladt Industries perspectives and competences and to further improve decision processes. It is also the objective of the Board of Directors to ensure that its members supplement each other in the best possible way with regard to e.g. competences, age, background, gender and nationality as relevant to the needs of Bladt Industries. The recommendation of candidates for the Board of Directors will thus always be based on an assessment of the competences and experience of the individual candidate, how they match the needs of Bladt Industries and of the contribution to the overall efficiency and skill set of the Board of Directors.

At present, all members of the Board of Directors and the Executive Board are male. In group Management 10% of the members are female, while 90% are male. During 2018, the female representation within Group Management increased by 0 %.

Generally, diversity is seen as a strength to Bladt Industries, which can contribute positively to Bladt Industries' development, robustness and fulfillment of established strategies and plans. Diversity in age, gender, experience and skills is given high priority.

The Board of Directors wants an open and open-minded culture, where the individual employee can utilize his or her competences in the best possible way regardless of gender. Bladt Industries' employees, regardless of gender, must find that they have the same opportunities for career and management positions. Bladt Industries appoints managers under the premise that the best suited is always employed/appointed regardless of gender.

Bladt Industries' policy on the underrepresented gender, focuses on how Bladt Industries ensures a balanced composition of men and women in management positions. A balanced composition requires a focus on "Women in management".

Bladt Industries offers all employees the opportunity to develop professional and personal competencies through participation in internal and external opportunities for courses and education. It is Bladt Industries goal that women and men generally participate equally in these offers.

Bladt Industries wants to inspire all employees to become part of Bladt Industries' management. Managers at all levels must be aware of employees with personal and professional competencies that could form the basis for development to a position at management level.

When reviewing the results from Bladt Industries' employee development interviews and follow-up interviews, the manager must form an impression of the employee's potential managerial potential. Any employee's wishes and aspirations for managerial careers must be part of any development interview with the individual employee.

In order to attract more women to apply for jobs at Bladt Industries, Bladt Industries has amongst other initiatives, had women to front Bladt Industries at different sales fairs.

The 2018 objective was:

- To ensure a representation of women in the Board of Directors corresponding to 20-25% of the board members elected at the Annual General Meeting (one board member) within a three-year period.
- To ensure that the employees view the company as having a modus operandi and culture in which individual employees have equal career opportunities regardless of gender, nationality, race religious beliefs etc.

In 2018 the objective for the period 2017-2020 was not yet met, as there were no additions to or replacements of board members.

Capital structure
Bladt Industries has one share class. Management, the Audit Committee and the full Board of Directors regularly evaluate the sufficiency of the company's capital structure and whether the capital structure is aligned with the interests of the company and its stakeholders. The overall objective is to ensure a capital structure that facilitates profitable long term growth and value creation.

Internal Controls and Presentation of Accounts and Annual Financial Statements

The group's internal controls and risk management regarding presentation of the accounts and the annual financial statements are organized with a view to substantially reduce the risk of significant errors, omissions and/or imperfections in the presentation of the accounts. To ensure this, management establishes relevant policies, procedures and control mechanisms. The Board of Directors – both directly and via the Audit Committee – and management evaluate significant risks and internal controls in regard to the group's presentation of accounts on an ongoing basis.

On behalf of the Board of Directors, the Audit Committee monitors the presentation of accounts and annual financial statements as well as the sufficiency and efficiency of the internal controls, including financial reporting standards, accounting principles, and significant accounting estimates and judgments on an ongoing basis. These and other issues are being reported to the Board of Directors by the Audit Committee prior to the approval of the annual financial statements and throughout the year when relevant.

In 2018, the company has continued updating and formalizing its systems of internal control related to operations, accounting and financial reporting. This effort is already well progressed within a number of areas and is part of the continuous effort to reduce the risk of errors, omissions and/or imperfections in the company's accounts. The Audit Committee monitors this process.

In addition to the audited annual financial statements, Bladt Industries' Executive Board and management prepare an unaudited monthly report to the Board of Directors detailing the company's performance including the financial position and development, performance against budget, capital resources, order backlog as well the health, safety and quality performance. These reports are reviewed at Board meetings, Audit Committee meetings and Executive (Chairman's) Committee meetings.

Organisation and Society

Corporate Social Responsibility and Human Resources

Corporate responsibility is a key enabler for Bladt Industries as a business, supporting sustainable long-term performance by managing non-financial risks that can impact our reputation and market position.

Bladt Industries consider it fundamental to maintain a culture focused on embedding responsible business behaviors. Therefore, all employees are expected to act in accordance with the requirements of the company's policies, including the Code of Conduct, at all times.

We work to build a culture where our people are empowered to make the right decisions and know where to go to seek help or guidance. Our Code of Conduct sets out clear expectations on ethical conduct and Bladt Industries offer training and support to help people understand the right thing to do.

Code of Conduct consist of statements on the following areas: human rights, social conditions, environmental and climate issues as well as Bladt Industries zero tolerance policy on corruption and how this is established in our business strategy and business activities.

In 2018 Bladt Industries launched Code of Conduct training as part of the induction programme for all new employees and therefore they receive training in the main areas of the Code of Conduct e.g. anti-bribery and corruption.

Bladt Industries' activities with e.g. construction, production, surface treatment and assembly of steel structures means that it is natural for Bladt Industries to focus on social responsibility. Including, among other things, safety and health for employees and stakeholders. More on the business model of Bladt Industries is available in section "Built to Last", where Bladt Industries three business areas is described in more detail. At Bladt Industries, the social responsibility is utilized in policies, programs and activities which aim to ensure that Bladt Industries takes its share of social responsibility. Bladt Industries is constantly working to improve its efforts. This is done risk-based and in line with approved CSR principles.

During 2018, Bladt Industries has had great focus on raising its CSR efforts to take part of social responsibility where possible, including meeting the expectations of the stakeholders in the market. This has resulted in a decision on upgrading the CSR regime at Bladt Industries from having a Code of Conduct, quality policy, safety policy and environmental policy to having a more detailed CSR program, which will be two sided with focus on Bladt Industries internal CSR setup as well as Bladt Industries Responsible Partner Program, which focus on Bladt Industries suppliers. The CSR upgrade will be a 2019 action to address.

Within the areas of quality, work environment, safety and environment Bladt Industries has certifications and meets the requirements of management system standards for - ISO 9001:2015, OHSAS 18001:2008, ISO 3834-2:2005, En1090-2:2008, En1090-1:2009. The fact that Bladt Industries has these certifications means that Bladt Industries continually has focus on evaluating its activities, as this is an implied demand to maintain the certifications. Bladt Industries has policies and processes consistent with what is prescribed under the certifications. The certificates are available on the Bladt Industries website, where further information is also available.

In addition, Bladt Industries has a Code of Conduct which is also imposed on suppliers. The Bladt Industries Code of Conducts stipulates i.e. that Bladt Industries respects

and supports human rights, labour rights, respect for the environment, anti-corruption, social responsibility, responsibility for the local environment, trade sanctions, personal data protection, responsible accounting methods and respect for tax legislation.

Within the areas of quality, work environment, safety and environment Bladt Industries has in 2018 performed audits of suppliers, including on-site audits of suppliers. Compliance of the Bladt Industries Code of Conduct is also included in these audits. Furthermore, Bladt Industries has carried out employee training for new employees regarding the content of Bladt Industries Code of Conduct and the management of Bladt Industries has received training in rules and principles of social responsibility from external consultants.

In 2018, Bladt Industries has reduced its climate impact by replacing the light fixtures. Bladt Industries is considering further initiatives.

Suppliers
Bladt has identified an area which entails a particular risk that stakeholders' rights will be negatively affected by the activities of Bladt Industries. The risk concerns suppliers failing to comply with Bladt Industries' requirements in the Code of Conduct, particularly in relation to labour rights. The assessment hereof has been tightened as Bladt Industries has increased its international cooperation.

Due to this risk Bladt Industries has initiated a more comprehensive approach to its CSR work to ensure ongoing updates aiming to meet market requirements. The work has included creating a CSR Committee, which is approved by the Board. The Board delegates the detailed oversight of corporate responsibility matters to the CSR Committee, which is chaired by the CEO. The CSR Committee meets as a minimum twice a year and agrees the Bladt Industries responsible business priorities relating to our employees, trust and integrity, health and safety, and resource efficiency. The work is currently ongoing and includes, among other things, new and more detailed policies which aim to further clarify the internal and external demands towards staff and e.g. suppliers, a more formalised Compliance Programme, 2019-KPIs and more systematic management reporting on CSR compliance.

The upgraded corporate responsibility programme will focus on:

- developing an inclusive, diverse workplace to drive innovation and performance, and
- supporting our employees in making the right decisions via speak up channels;
- continuously improving employee wellbeing and standards of safety for employees and those we work with; and
- continuously improving our suppliers compliance with our Responsible Partner Programme

The work is planned risk-based around two main initiatives:
(1) A Responsible Partner Programme where the aim is to intensify activities toward suppliers regarding certain requirements coming from Bladt Industries' Code of Conduct. Bladt Industries has in the process drawn upon expertise from large customers aiming to meet their demands but also to prepare for further similar situations. Updated and new policies will be introduced accordingly.

(2) Introducing, formalising and implementing stronger and clearer internal compliance procedures and processes in relation to a number of CSR-related topics aiming to structure and increase the overall compliance level to a more ambitious standard. An example is improving existing procedures (e.g. Code of Conduct and Staff Handbook) with a number of more elaborate and specific policies and procedures. In that connection, a more formal and professional set-up for ensuring compliance is planned.

Bladt Industries work with suppliers and their supply chains to provide fully compliant, cost-effective equipment, goods, services and solutions. The Majority of our supplier relationships are often long term, so we aim to work with suppliers who share Bladt industries' values and who embrace standards of ethical behaviour consistent with our own.

Bladt Industries' policy is to identify and select suppliers, who meet our standards, and support them by managing risks throughout the lifecycle of any commercial arrangement. Bladt Industries continue to engage with our suppliers for ongoing assurance at all stages of a project. If areas of non-compliance are identified, the supplier and Bladt Industries will collaborate and agree on an action plan of appropriate improvement measures. These shall mitigate and remedy the adverse impacts caused by the breaches or non-compliance and enable the supplier to identify and prevent similar occurrences in the future. Bladt Industries requires our suppliers to engage actively and without reservation in these activities.

Bladt Industries' Code of Conduct support our commitment to human rights. This results, for example, in due diligence being carried out during the supplier evaluation stage against non-financial risks, including human rights, working hours, harassment and unlawful discrimination, speak-up procedure, slavery, human trafficking and child labour.

Health and Safety

Bladt Industries has collective focus on employee wellbeing as well as the health and safety of employees and those who work on, or visit, our sites. Bladt Industries safety culture and our employees demand high standards for all aspects of health and safety.

This is supported both by Bladt Industries Health and Safety Policy and the principles contained within our Code of Conduct for employees.

Bladt Industries recognise that good mental and physical health contributes to better decisionmaking, greater productivity and higher levels of employee satisfaction.

Bladt Industries' business is highly complex and our employees are exposed to many risks. These range from slips, trips and falls in an office environment, confined space working and machinery hazards within manufacturing.

Many of our employees operate heavy equipment, work at height or do physically demanding work in high-risk environments.

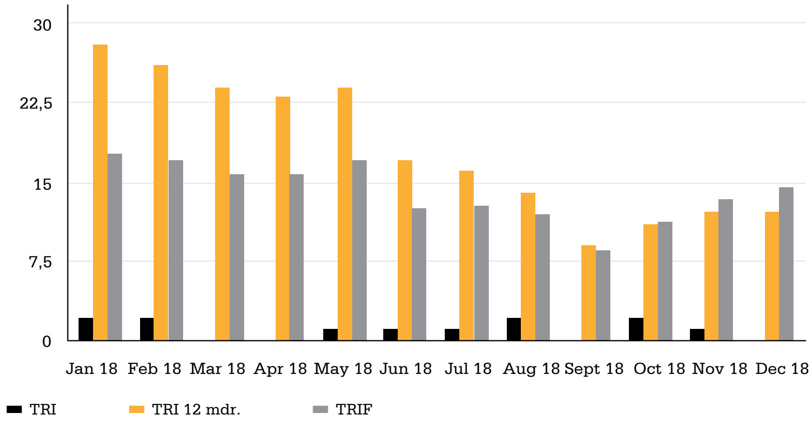
In order to ensure consistency, all employees are required to comply with our Health and Safety Policy, which outlines and prescribes the responsibilities and arrangements in place for ensuring safety. It is the responsibility of Bladt Industries as well as the management and line managers to ensure that employees comply with the policy.

Bladt Industries aim to mitigate or manage safety risks by finding new ways to enhance safety standards, increase awareness and continually drive a strong safety culture e.g. all staff is required to make reverse parking to focus their mindset on safety from the minute they enter Bladt Industries' site.

Bladt Industries aim to reduce exposure levels to hazardous substances and to seek alternatives, where possible. We provide our employees with health surveillance to understand and reduce the impact of workplace health risks.

We use the Total Recordable Incident Rate/ Frequency as a key performance indicator to

TRIF (Total Recordable Incident Frequency)



measure workplace injuries. In 2018, there was an 18% reduction in the Recordable Incident Rate, and no fatalities as Bladt Industries' continued to focus on reducing risk and embedding safety culture to drive improvement.

In 2018, a significant focus area was to reduce LTIF.

The Lost Time Injury Frequency (LTIF) – a key indicator for Bladt Industries' health and safety performance – improved during 2018. The level achieved is within Bladt Industries' minimum target level and thus satisfactory, however the overall goal is always to strive for a LTIF performance of 0. An additional performance indicator for Bladt Industries in the health and safety area is the number of working hours lost due to OH&S related incidents relative to the total number of working hours ("incident frequency"). The incident frequency also improved in 2018 and is at a low level historically.

Environment

Bladt Industries aim to comply with all applicable environmental regulations and laws, which govern Bladt Industries activities. In order to show consideration for the next generation, Bladt Industries support initiatives towards a cleaner and more environmentally friendly production process in order to secure a minimization of negative consequences for the environment and Bladt Industries, as a company, are committed to limiting our impact on the environment.
Bladt Industries will continuously work on climate and environmental management to limit our impact on the environment, for example, by way of reducing raw material and energy consumption, reducing and recycling waste and investing in environmental.

Human Resources

Bladt Industries conducts People Development Dialogues and Employee Satisfaction surveys on an annual basis supported by online tools. More than 85% of the salaried employees and 40 % of the blue collars participated in Employee Satisfaction survey in Q3 2018 providing a strong basis for the dialogue on the requirements for professional development. Moreover, the updated organizational structure of Bladt Industries in 2018 is among other things aimed at further improving both project and people management.

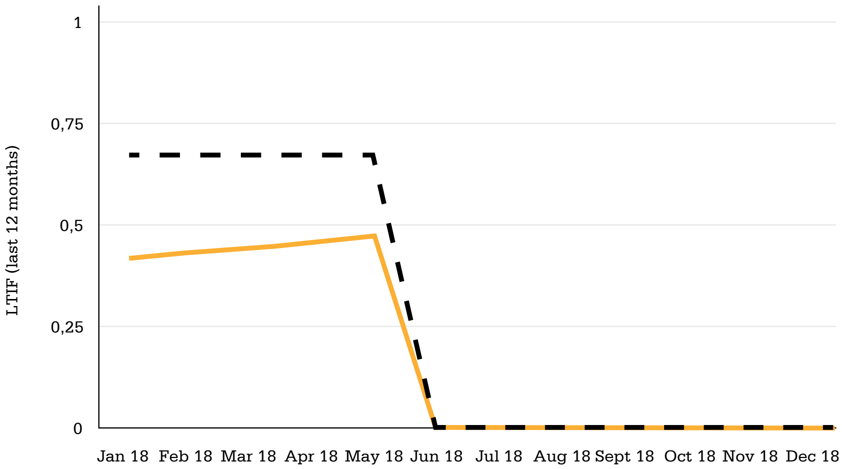
The training and education of apprentices continues to be of significant importance to Bladt Industries. At the end of 2018, 6 apprentices were under training, 4 within welding and 2 within painting. This is an investment ensuring both a qualified employee base for Bladt Industries' further growth as well as a contribution to the important task of educating skilled professionals for the local communities.

At the end of 2018, Bladt Industries employed 275 employees in Denmark which is 199 less than at the end of 2017.

Internationally, the number of employees is significantly lower at the end of 2018 compared to 2017 due to the divestment of the joint venture activity in the UK. International employees are comprised of the subsidiaries in Poland and Germany.

The ratio of absence due to illness showed a significant improvement in 2018 compared to 2017. In 2018, the focus on follow-up and dialogue in case of absence has continued in order to keep the ratio within the blue collar work force at a low level. The ratio of absence due to illness is slightly above Bladt Industries' target.

LTIF and Lost time incidents, 12 months running



Risk
Management

At Bladt Industries, risk management is an essential and integrated element of the execution of the project portfolio, of the realization of the objectives of Bladt Industries, and of the further development of the company's business system and processes. The following section includes a non-exhaustive description of risks related to Bladt Industries' activities and the management of these risks.

Commercial Risks

The main commercial risks of the group are related to (a) the execution of current projects, (b) ensuring a pipeline of future projects, and (c) adapting the capabilities and scale of operations to the changing demands in the marketplace.

To execute projects, Bladt Industries relies both on the competences of employees as well as selected suppliers. Bladt Industries employs a highly skilled work force across a large range of disciplines such as project management, welding, production and material management, site logistics, planning, quality assurance and control, HSE, contract management, tender management, controlling, finance and administration. This qualified work force is the cornerstone of successful project execution. Bladt Industries' project managers master a variety of proven project management tools that are continuously developed and adapted to the specific project at hand. Project Managers are supported throughout the execution of projects by specialists within legal, contract and financial management, quality, health and safety, planning etc. Physical production of very large structures may be impacted by adverse weather conditions. To mitigate such impact, Bladt Industries calculates with standard periods of adverse weather when planning projects as well as ensuring flexibility in production facilities to quickly adapt to the impact of weather changes and other non-controllable factors.

A strong cooperation with selected suppliers that Bladt Industries works closely with on the individual projects further ensures a successful project execution. Such cooperation improves competitiveness, enhances capacity and mitigates risks by having projects completed at independent sites thereby reducing reliance on any single site. Significant suppliers are evaluated and monitored closely before and during the project so that potential issues – e.g. within quality, capacity, capability, HSE or CSR – are dealt with prior to the project and any issues that may arise during the project are mitigated in a timely manner. Furthermore, major suppliers are incentivized to avoid inadequate performance on their part via targeted contractual milestones, bonuses, penalties and warranties. To this end, Bladt Industries' project and contract managers work with standard sub-supplier contracts. Such standard supplier contracts are continuously updated by Bladt Industries' legal team in cooperation with project management.

Prior to contracting a potential project, the contract and calculations are reviewed in accordance with defined procedures for tendering. During the project execution phase, projects are reviewed frequently by project management, division management and top management using standard project reporting templates. Such reviews focus on financial performance, project progress, execution issues as well as actual and potential risks. These reviews are an integrated part of project execution and risk management.

Securing a pipeline of potential new projects, winning new projects and adapting capacity and capabilities to the future needs of the marketplace are of paramount importance to the longer term profitable growth of Bladt Industries. Therefore, management regularly tracks and reviews developments in the potential project pipeline within the various target segments and based on this adapts the in-house and sourced capacities and capabilities to the project pipeline. The level of demand is primarily dependent on the developments in the Northern European market for offshore wind and secondarily in the global offshore wind and Northern European offshore oil and gas markets as well as the Scandinavian markets for infrastructure projects with a certain steel content and complexity.

Execution of major projects and developments in the business pipeline are also regularly reviewed at all board meetings.

In order to further ensure the continued competitiveness and strong market position, Bladt Industries closely monitors ongoing and potential developments in relevant technologies regarding end products – for instance in innovative offshore wind foundation and substation designs – as well as regarding fabrication, assembly and transportation processes. As examples, Bladt Industries in 2018 continued to participate in the development and testing of various new automated robot welding techniques for large offshore steel structures and have developed an innovative supply chain concept for jacket foundations for offshore wind turbines.

Financial Risks

Bladt Industries' financial risks are described in note 29 to the financial statements.

Insurance Risks

Bladt Industries takes out statutory insurances as well as the insurances which are deemed to be relevant in order to mitigate or eliminate unwanted risks. At regular intervals, Bladt Industries conducts a review of the insurances in cooperation with an external insurance specialist. Additionally, Bladt Industries may take out project specific insurance depending on the requirements of the individual projects.

Board of Directors, Executive Board and Group Management

Board of Directors

Bjarne Moltke Hansen, Chairman

- Chairman Audit Committee and Chairman Executive Committee of Bladt Industries A/S
- Chairman of the Board of Aalborg Portland Holding A/S and Pindstrup Mosebrug A/S
- Vice-Chairman of the Board of RMIG A/S
- Member of the Board of BWSC A/S, Per Aarsleff Holding A/S, LKAB and Danish SGD Investment Fund, Investment Committee.

Lars Terney, Deputy Chairman

- Chairman Remuneration Committee and Member Executive Committee of Bladt Industries A/S
- Partner, NC Advisory A/S, adviser to Nordic Capital Funds
- Member of the Board of NC Advisory A/S

Jørgen Huno Rasmussen, Member

- Member Remuneration Committee of Bladt Industries A/S
- Professional board member in a number of companies. Previously CEO FLSmidth & Co. A/S, Veidekke ASA and Hoffmann A/S
- Chairman of the Board of Lundbeckfonden, Lundbeckfond Invest A/S
- Deputy Chairman of the Board of Rambøll Gruppen A/S, Terma A/S, Thrige-Titan A/S, Haldor Topsøe A/S
- Member of the Board of Otto Mønsted Aktieselskab, Thomas B. Thriges Fond

Kristian Kærsgaard, Member (elected by employees)

· Department Manager, Gratings

Claus Uhrenholt, Member (elected by employees)

· Blacksmith

Executive Board

Klaus Steen Mortensen, CEO

· Chairman of the Board of BGB A/S
· Member of the Board of Blue Power Partners A/S and W. Lynggård Petersen's familiefond.

Peter Rindebæk, Deputy CEO and COO

Anne Kaptain, CCO (Chief Commercial Officer)

Managerial posts in group companies and subsidiaries of Bladt Industries A/S have not been included in the above lists.

Group Management

Thomas Møller Nielsen, Acting CFO

Lars Kristensen, SVP, Wind & Energy, Business Development

Troels G. Jensen, SVP, Wind & Energy, Substations & Platforms

Kim Bringsjord, SVP, Infrastructure

Lars Bender, VP, Wind & Energy, Commercial & Sales

Klaus Munck Rasmussen, VP, Wind & Energy, Foundations

Jan Marcussen, Head of Quality

Michael Saxtoft, VP, Head of Change Management

Kim Møller Sørensen, VP, Strategy, Controlling & IT

Anders Hecht-Pedersen, VP, Head of Procurement

Statements

Statement by the Board of Directors and the Executive Board

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bladt Industries A/S for the financial year 1 January – 31 December 2018.

The Annual Report is prepared in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

In our opinion, the Financial Statements give a true and fair view of the financial position at 31 December 2018 of the Company and of the results of the Company operations and cash flows for 2018.

In our opinion, Management's Review includes a true and fair account of the development in the operations and financial circumstances of the Company, of the results for the year and of the financial position of the Company as well as a description of the most significant risks and elements of uncertainty facing the Company.

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

Aalborg, 26 April 2019

Board of Directors

Bjarne Moltke Hansen Chairman	Lars Terney Deputy Chairman	Jørgen Huno Rasmussen

Claus Uhrenholt	Kristian Kærsgaard

Executive Board

Klaus Steen Mortensen CEO	Peter Rindebæk Deputy CEO and COO	Anne Kaptain CCO (Chief Commercial Officer)

Independent Auditors' Report

To the shareholders of Bladt Industries A/S

Opinion
In our opinion, the Financial Statements give a true and fair view of the financial position of the Com-pany at 31 December 2018, and of the results of the Company's operations and cash flows for the fi-nancial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bladt Industries A/S for the financial year 1 January - 31 December 2018, which comprise income statement, balance sheet, statement of cash flows, statement of changes in equity and notes, including a summary of significant accounting policies "financial statements").

Basis for Opinion
We conducted our audit in accordance with International Standards on Auditing (ISAs) and the addi-tional requirements applicable in Denmark. Our responsibilities under those standards and require-ments 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 requirements. 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 Financial Statements and has been prepared in accordance with the requirements of the Danish Fi-nancial 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 Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Den-mark 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 ex-pected 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- 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.

Aalborg, 26 April 2019

PricewaterhouseCoopers
CVR.nr. 33771231
Statsautoriseret
Revisionspartnerselskab

Claus Lindholm Jacobsen
State Authorised Public Accountant
mne23328

Thyge Belter
State Authorised Public Accountant
mne30222

Financial Statements

for the period 1 January - 31 December 2018

Income Statement

DKK'000	Note	2018	2017
Revenue	3	1,455,280	3,086,342
Production costs	4, 5	-1,364,278	-3,051,377
Gross profit		**91,002**	**34,965**
Distribution costs	4	-13,714	-11,045
Administrative expenses	4, 5, 6	-33,652	-19,468
Earnings before interest and tax (EBIT)		**43,636**	**4,452**
Profit/loss in joint ventures	16	0	34,727
Financial income	7	765	3,223
Financial expenses	8	-8,465	-12,262
Profit before tax		**35,936**	**30,140**
Tax on profit for the year	9	-6,453	1,141
Profit for the year		**29,483**	**31,281**

Proposed appreciation of profits		
Suggested dividend	0	0
Retained earnings	29,483	31,281
	29,483	**31,281**

Financial Statements

for the period 1 January - 31 December 2018

Statement of Comprehensive Income

DKK'000	Note	2018	2017
Profit for the year		**29,483**	**31,281**
Other comprehensive income			
Hedging of future cash flows	10	1,600	5,500
Tax on hedging instruments	10	-352	-1,210
Items that can be reclassified to profit or loss		**1,248**	**4,290**
Other comprehensive income after tax		**1,248**	**4,290**
Total Comprehensive income		**30,731**	**35,571**

Balance Sheet

DKK'000	Note	2018	2017
ASSETS			
Non-current assets			
Intangible assets			
Other intangible assets	11	1,558	1,495
		1,558	**1,495**
Property, plant and equipment			
Plant and machinery	12	79,521	105,210
Fixtures and fittings, other plant and equipment	12	1,752	2,481
Assets under construction	12	10,337	452
Lease assets	13	71,959	87,357
		163,569	**195,500**
Other non-current assets			
Investments in subsidiaries	14	1,797	1,797
Investments in associated companies	15	1,000	1,000
		2,797	**2,797**
Total non-current assets		**167,924**	**199,792**
Current assets			
Inventories	17	3,845	4,111
Construction contracts	18	30,143	114,907
Receivables	19	625,264	803,724
Prepaid costs	20	598	538
Cash at bank and in hand	27	118,486	0
Total current assets		**778,336**	**923,280**
TOTAL ASSETS		**946,260**	**1,123,072**

Balance Sheet

DKK'000	Note	2018	2017
EQUITY AND LIABILITIES			
Equity	21		
Share capital		44,000	44,000
Retained earnings		385,730	404,999
Total equity		**429,730**	**448,999**
Liabilities			
Non-current liabilities			
Deferred tax	22	26,275	22,076
Provisions	23	1,000	1,000
Lease liabilities	30	62,066	72,523
Total non-current liabilities		**89,341**	**95,599**
Current liabilities			
Lease liabilities	30	10,458	13,541
Construction contracts	18	141,816	21,745
Trade payables		161,299	295,018
Bank debt		0	85,786
Corporation tax payable	24	1,571	0
Other liabilities	25	112,045	162,384
Total current liabilities		**427,189**	**578,474**
Total liabilities		**516,530**	**674,073**
TOTAL EQUITY AND LIABILITIES		**946,260**	**1,123,072**

Cash Flow Statement

DKK'000	Note	2018	2017
Profit for the year before tax		35,936	30,140
Adjustment for non-cash operating items etc.:			
Depreciation, amortization and impairment	5	45,717	52,240
Other non-cash operating items, net	5	-101	-1,065
Profit/loss in joint ventures		0	-34,727
Financial income	7	-765	-3,223
Financial expenses	8	8,465	12,262
Cash generated from operations (operating activities) before changes in working capital		**89,252**	**55,627**
Changes in working capital	28	200,691	-69,526
Cash generated from operations (operating activities)		**289,943**	**-13,899**
Interest received	7	765	3,223
Interest paid	8	-8,465	-12,262
Corporation tax paid	24	-683	-34,309
Cash flows from operating activities		**281,560**	**-57,247**
Acquisition of property, plant and equipment and other intangible assets	11, 12, 13	-13,940	-5,270
Disposal of property, plant and equipment	12, 13	192	1,591
Acquisition of associated companies (shares)	15	0	-1,000
Divestment of joint venture company (shares)		0	49,655
Net cash flows from investing activities		**-13,748**	**44,976**
Free cash flows		**267,812**	**-12,271**
External financing:			
Repayment of lease liabilities		-13,540	-16,356
Shareholders:			
Dividends distributed		-50,000	-10,000
Cash flows from financing activities		**-63,540**	**-26,356**
Net cash flows from operating, investing and financing activities		**204,272**	**-38,627**
Cash and cash equivalents at 1 January		-85,786	-47,159
Cash and cash equivalents at 31 December		**118,486**	**-85,786**

Ample liquidity reserves, please refer to note 27, page 57.

Statement of Changes in Equity

DKK'000	Share capital	Retained earnings	Total equity
Equity 1 January 2018	44.000	404.999	448.999
Comprehensive income in 2018			
Profit for the year		29,483	29,483
Other comprehensive income		1,248	1,248
Total comprehensive income for the period		30,731	30,731
Transactions with shareholders			
Distributed interim dividends		-50,000	-50,000
Total transactions with shareholders		-50,000	-50,000
Equity 31 December 2018	**44,000**	**385,730**	**429,730**

Equity 1 January 2017	44,000	379,428	423,428
Comprehensive income in 2017			
Profit for the year		31,281	31,281
Other comprehensive income		4,290	4,290
Total comprehensive income for the period		35,571	35,571
Transactions with shareholders			
Distributed interim dividends		-10,000	-10,000
Total transactions with shareholders		-10,000	-10,000
Equity 31 December 2017	**44,000**	**404,999**	**448,999**

For more information, see note 21.

Notes
to the Financial Statements

Note

1 Accounting policies

Bladt Industries A/S is a limited company domiciled in Denmark. The financial statements section of the annual report for the period 1 January – 31 December 2018 comprises the Company's financial statements. Under reference to Section 112 of the Danish Financial Statements Act, it has been decided not to prepare separate consolidated statements for Bladt Industries A/S, as the Company and its subsidiaries are incorporated in the consolidated financial statements of Bladt Holding A/S, CVR no. 34 07 34 30. The financial statements of Bladt Industries A/S for 2018 have been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional disclosure requirements in the Danish Financial Statements Act. On 26 April 2019, the Board of Directors and the Executive Board discussed and approved the annual report of Bladt Industries A/S for the financial year 2018. The annual report will be presented to the shareholders of Bladt Industries A/S for approval at the annual general meeting on 26 April 2019.

Basis of preparation

The company's financial statements have been presented in Danish kroner, rounded to the nearest thousand.
The company's financial statements have been prepared on the historical cost basis.

Implementation of new standards

The group has applied new standards, for 2018. This comprises:

IFRS 15, Revenue from contracts with customers

IFRS 15 replaces IAS 11, Construction contracts which comprised the majority of the Group's customer contracts and required recognition of these contracts under the percentage of completion method. IFRS 15 comprises no specific accounting guidance for such contracts but requires accounting under the percentage of completion method for contracts where there is no alternative use and the entity has right to payment of the sales value of work completed to date if the contract were terminated. The majority of the Group's contracts meet these requirements, and consequently, revenue from most contracts will continue to be recognised under the percentage of completion method.

The Group has applied the simplified transition method and thereby elected to apply IFRS 15 retrospectively only to contracts that were not completed at the date of initial application at 1 January 2018. The standard has no effect on the results and equity at 1 January 2018

IFRS 16 Leases

IFRS 16 replaces IAS 17 and requires lessees to recognize all leases in the balance sheet with a corresponding lease liability except for short-term leases and leases for low value assets. Leased assets are depreciated over the lease term, and payments are allocated between instalments on the lease liability and interest expense, classified as financial expenses. The lease term is the non-cancellable period with addition of the additional term comprises by extension options, which at inception of the lease are reasonably certain to be exercised. The lease payments comprise fixed and index based lease payments.

IFRS 16 has been implemented fully retrospectively with the effect on net assets recognized as an adjustment to retained earnings as of 1 January 2017. Comparative figures have been restated. For further information, see note 35.

IFRS 9 Financial instruments

IFRS 9 replaces IAS 39 and introduces an expected losses model for determining impairments on trade receivables and work in progress. Under IAS 39, impairments on trade receivables were based on an incurred loss model. Historically, the Bladt Industries credit losses have been insignificant, and as of 1 January 2018, there were no indications that they would increase in the near term. Therefore, the impact of adopting the expected credit loss model is insignificant, and no adjustment has been made to the opening balance as of 1 January 2018.

Apart from the above, the accounting policies are unchanged. The accounting policies set out below have been used consistently in respect of the financial year and the comparative figures.

Description of accounting policies

Foreign currency translation

On initial recognition, foreign currency transactions are translated to the functional currency at the exchange rates at the transaction date. Foreign exchange differences arising between the transaction date and the date of payment are recognized in profit or loss as finance income or finance costs.
Receivables and payables and other monetary items denominated in foreign currencies are translated to the functional currency at the exchange rates at the end of the reporting period. The difference between the exchange rates at the end of the reporting period and at the date at which the receivable or payable arose or was recognized in the latest annual report is recognized in profit or loss as finance income or finance costs.

Derivative financial instruments

Derivative financial instruments are recognized at the date a derivative contract is entered into and measured in the statement of financial position at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognized assets and liabilities are recognized in the income statement together with changes in the value of the hedged asset or liability as far as the hedged portion is concerned. Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future cash flows are recognized in other comprehensive income and classified as a separate reserve within equity. For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognized in profit or loss as finance income or finance costs.

Income statement

Revenue

Contracts for delivery of constructions are recognized as revenue by reference to the stage of completion if both of the following criteria are met:

- there is no alternative use for the completed construction should the contract be cancelled
- the customer has an obligation to pay for the sales value of the work completed to date should the contract be cancelled by the customer.

The Group's contracts generally meet these criteria, and accordingly, revenue corresponds to the value of work performed during the year (the percentage of completion method).

Revenue is recognized by reference to the stage of completion when the total income and expenses on the construction contract and the stage of completion at the balance sheet date can be measured reliably and it is probable that future economic benefits, including payments, will flow to the company.

When the income from a construction contract cannot be determined reliably, revenue is recognized only corresponding to the costs incurred to the extent that it is probable that they will be recovered.

Revenue is measured at the consideration agreed ex. VAT and taxes charged on behalf of third parties and excluding a significant financing component, if any. All discounts granted are deducted from revenue.

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables, wages and salaries, rent and leases, and depreciation, amortization and impairment loses regarding production plant. Provision for bad debt from enterprise contracts is included.

Distribution costs

Costs relating to sales staff, advertising, exhibitions as well as depreciation and impairment losses are recognized as distribution costs.

Administrative expenses

Administrative expenses comprise expenses incurred during the year for management and administration, including expenses for administrative staff, office premises and office expenses, and depreciation and impairment losses. Included in this item are write-downs for bad debt losses.

Share of profit/loss of joint ventures after tax

The proportionate share of the results after tax of the individual joint ventures is recognized in the consolidated income statement after full elimination of the proportionate share of intra-group profits/losses.

Financial income and expenses

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

Borrowing costs relating to general borrowing or loans directly relating to acquisition, construction or development of qualifying assets are allocated to the cost of such assets.

Tax on profit/loss for the year

Bladt Industries A/S is jointly taxed with the parent company Bladt Holding A/S and Danish group enterprises. The current Danish corporation tax is allocated between the jointly taxed companies in proportion to their taxable income. The jointly taxed companies are taxed under the on-account tax scheme.

This year's taxes, which comprise the current tax for the year and alterations in deferred tax, are included in the annual profit, in other comprehensive income or directly under equity capital.

Statement of financial position

Other Intangible assets

Costs associated with maintaining computer software programes are recognized as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the group are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software product so that it will be available for use;

- management intends to complete the software product and use it;

- there is an ability to use or sell the software product;

- it can be demonstrated how the software product will generate probable future economic benefits;

- adequate technical, financial and other resources to complete the development and to use or sell the software product are available; and

- the expenditure attributable to the software product during its development can be reliably measured.

Directly attributable costs that are capitalized as part of the software product include the software development employee costs and an appropriate portion of relevant overheads.

Other development expenditures that do not meet these criteria are recognized as an expense as incurred. Development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

Computer software development costs recognized as assets are amortized over their estimated useful lives, which does not exceed three years.

Property, plant and equipment

Plant, machinery, fixtures, 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 when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, wages and salaries as well as borrowing costs relating to specific and general borrowing directly attributable to the construction of the individual asset. Further, the cost includes the present value of the initial estimate of the cost to dismantle and remove the asset and restore the site on which the asset is located.

Subsequent costs, e.g. in connection with replacement of components of property, plant and equipment, are recognized in the carrying amount of the asset if it is probable that the costs will result in future economic benefits for the Group. The replaced components are derecognized in the statement of financial position and recognized as an expense in profit or loss. All costs incurred for ordinary repairs and maintenance are recognized in profit or loss as incurred. Where individual components of an item of property, plant and equipment have different useful lives, such components are depreciated separately. Depreciation is provided on a straight-line basis over the expected useful lives of the assets/ components. The expected useful lives are as follows:

Plant and machinery . . . . 3 - 20 years
Fixtures and fittings,
other plant and
equipment. . . . . 3 - 5 years

Depreciation is calculated on the basis of the residual value and impairment losses, if any. The useful life and residual value are determined at the acquisition date and are reassessed annually. If the residual value exceeds the carrying amount, depreciation is discontinued.

When changing the depreciation period or the residual value, the effect on depreciation is recognized prospectively as a change in accounting estimates.

Depreciation is recognized in the income statement as cost of sales, distribution costs and administrative expenses.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price less disposal costs and the carrying amount at the date of disposal. Gains and losses are recognized in the income statement as depreciation.

Lease Assets

Lease assets are 'right-of-use assets' arising from a lease agreement. Lease assets are initially measured at cost consisting of the amount of the initial measurement of the leases liability, plus any lease payments made to the lessor at or before the commencement date less any lease incentives received and the initial estimate of refurbishment costs and any initial directs costs incurred.
The lease assets are depreciated on a straight-line basis over the lease term. The lease asset can be adjusted due to modifications to the lease agreement or reassessment of lease term.

Payments associated with short-term leases and leases of low-value are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a term of 12 months or less. Low-value assets comprise assets with a value below DKK 30 thousand.

Investments in subsidiaries, associated companies and joint ventures

Investments in subsidiaries and associated companies are measured at cost in the financial statements. Investments in joint ventures are measured according to the equity method.

The Group has a controlling influence in a company if it is exposed to or has the right to a variable return on its involvement in the company and has the possibility to influence this return using its disposal rights to this company.

When establishing whether the Group has a controlling influence, de facto control and potential voting rights are taken into account, if they are real and substantial at the balance date.
Companies in which the Group exercises a significant, but not controlling influence on the operational and financial decisions are classified as associates. A significant influence exists when the Group directly or indirectly owns or disposes of more than 20%, but less than 50%, of the voting rights.

Joint arrangements are activities or companies in which the Group through collaboration agreements with one or more parties has a joint controlling influence. Joint controlling influence means that decisions about the relevant activities require unanimity among the parties who have the joint controlling influence.
Joint arrangements are classified as joint ventures or joint operations. Joint operations are defined as activities where the participants enjoy direct rights to assets and are directly liable for liabilities, whereas joint ventures are defined as activities where the participants have rights to the net assets only.
Dividend payments of earnings in subsidiaries and joint ventures are recognized as income in the income statement of the parent company in the financial year in which they are declared. If dividends exceed the comprehensive income of the subsidiary or joint venture, an impairment test is conducted.

Joint ventures with a negative net asset value are measured at DKK 0. If the Company has a legal or actual liability to cover the shortfall in the joint venture, this is included under liabilities.

Impairment testing of non-current assets

The carrying amount of non-current assets is tested annually for indicators of impairment. When there is an indication that assets may be impaired, the recoverable amount of the asset is determined. The recoverable amount is the higher of an asset's fair value less expected costs to sell and its value in use. Value in use is the present value of the future cash flows expected to be derived from the asset or the cash-generating unit to which the asset belongs. An impairment loss is recognized if the carrying amount of an asset or a cash-generating unit, respectively, exceeds the recoverable amount of the asset or the cash-generating unit. The impairment loss is recognized in the income statement.

Inventories

Inventories are measured at the lower of cost in accordance with the FIFO method and the net realizable value.
Finished goods, goods for resale, raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The net realizable 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.

Construction contracts

Construction contracts are measured at the sales value of the work performed less progress billings,anticipated losses and for net assets, expected credit losses, cf. the description under "Receivables" below.. Moreover, before the work is commenced, a binding agreement must have been entered into to the effect that penalties covering at least costs incurred will be enforced if the contract is subsequently terminated.

The sales value is measured by reference to the percentage of completion at the end of the reporting period and total expected income from the contract. The percentage of completion is determined on the basis of an assessment of the work performed, which is usually measured as the proportion of specific cost drivers incurred for work performed to date relative to the total estimated contract costs.

When it is probable that the total contract costs will exceed the total contract revenue, the anticipated loss on the contract is recognized as an expense and a provision immediately.
When income and expenses on a construction contract cannot be determined reliably, contract revenue is recognized only to the extent of contract costs incurred that it is probable will be recoverable.
Where the selling price of work performed exceeds progress billings on construction contracts and anticipated losses, the excess is recognized under receivables. If progress billings and anticipated losses exceed the selling price of a construction contract, the deficit is recognized under liabilities.
Prepayments from customers are recognized under liabilities.
Selling costs and costs incurred in securing contracts are recognized in the income statement as incurred.

Receivables

Receivables are measured at amortized cost less write down for expected credit losses. write-down is made on a portfolio level for receivables with no indication for impairment and on an individual level for receivables with indications of impairment. The Group uses the simplified approach and measures all credit losses as the lifetime expected loss.

Write-downs are calculated as the difference between the carrying amount and the present value of the expected cash flows, including the realizable value of any received collateral.

Prepaid expenses

Prepaid expenses are measured at cost.

Equity

Dividends

Proposed dividends are recognized as a liability at the date when they are adopted at the annual general meeting (declaration date). Proposed dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognized in the statement of financial position 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. However, deferred tax is not recognized on temporary differences relating to items where temporary differences arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognized under other non-current assets at the expected value of their utilization; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.
Deferred tax assets are subject to annual impairment tests and are recognized only to the extent that it is probable that the assets will be utilized. Deferred tax assets and liabilities are offset if the Company has a legally enforceable right to set off current tax liabilities and tax assets or intends either to settle current tax liabilities and tax assets on a net basis or to realize the assets and settle the liabilities simultaneously.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the end of the reporting period when the deferred tax is expected to crystallize as current tax. Changes in deferred tax due to changes in the tax rate are recognized in comprehensive income for the year.

Provisions

Provisions are recognized when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there will be an outflow of resources embodying economic benefits to settle the obligation.

The amount recognized as a provision is Management's best estimate of the expenses required to settle the obligation.

Lease liabilities

Lease liabilities arise from a lease agreement. Lease liabilities are initially equal to the present value of the lease payments during the lease term that are not yet paid.

At initial recognition each contract are assessed individually to assess the likelihood of exercising a potential extension option in the contract. The option to extend the contract period will be included in the calculation of the lease liability if it is reasonably certain that the option will be exercised.

The net present value is calculated using a discount rate corresponding to the incremental borrowing rate.

The lease liability will be remeasured when changes occur due to modifications to the contract (extension, termination etc.) or indexation.

Financial liabilities

Amounts owed to mortgage credit institutions, etc., are recognized at the date of borrowing at fair value less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortized cost using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognized in the income statement as finance costs over the term of the loan. Other financial liabilities are measured at amortized cost.

Cash flow statement

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

Cash flows from operating activities are reported using the indirect method whereby the profit/loss after tax is adjusted for non-cash operating items, changes in working capital, interest, payments, dividends and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of businesses and of intangible assets, property, plant and equipment and other non-current assets.

Cash flows from financing activities comprise changes in the share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, acquisition and disposal of treasury shares and payment of dividends to shareholders. Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less at the acquisition date which are subject to an insignificant risk of changes in value.

Cash flows in other currencies than the functional currency are translated using average exchange rates unless these deviate significantly from the rate at the transaction date.

Cash and cash equivalents comprises demand deposits. In prior years, cash and cash equivalents comprised bank overdrafts. Based on IFRIC's 2018 agenda rejection notice, Management has assessed that the Group's bank overdrafts cannot form part of cash and cash equivalents in the cash flow statements. The cash flow statement for 2017 has been restated accordingly.

Financial ratios

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines on the calculation of financial ratios "Recommendations and Financial Ratios 2015".

Definitions of financial ratios are shown on page 63.

2 Accounting estimates and judgements

Estimation uncertainty

Determination of the carrying amount of certain assets and liabilities requires judgements, estimates and assumptions concerning future events.

The estimates and assumptions are based on historical experience and other factors which Management assesses to be reliable in the circumstances, but which by their nature are associated with uncertainty and unpredictability, as unexpected events or circumstances may occur. Furthermore, the Company is exposed to risks that may lead to actual results differing from these estimates. Specific risks for Bladt Industries A/S are discussed on pages 28-29.

Estimates of particular importance to the financial reporting relate primarily to constructions contracts including recognition and measurement of contract variations. See description below.

Construction contracts

An important precondition for applying the percentage of completion method when recognizing revenue is that income and expenses from the individual construction contracts can be measured reliably. Expected income and expenses on the construction contracts may, however, change during the project period. Similarly, changes may be made during the construction phase in the contractual basis, and assumptions etc. may not be fulfilled.

The selling price of construction contracts is measured by reference to the stage of completion at the balance sheet date and total expected income from the individual contract. The stage of completion is determined on the basis of an assessment of the work performed and will normally be subject to accounting estimates made by Management.

Variation orders related to instructions from customers on changes in scope, specifications, designs or duration of the contract are included in revenue, when qualified. Assumptions made by management in this area involves estimation uncertainty.

Significant amounts of variation orders are recognized in the annual accounts as of 31 December 2018 in accordance with applied accounting policies. Receivables concerning disputed variations constitute a substantial part of receivables due cf. note 29. Although key assumptions are supported by assessments of external expert advisers, it is reasonably possible, on the basis of existing knowledge, that outcomes within the next financial year that are different from the assumptions made, could require a positive or negative material adjustment to the carrying amount of the asset affected.

The business procedures etc. of Bladt Industries A/S combined with the knowledge and experience of the project manager contribute to reliable accounting treatment of construction contracts in accordance with the accounting policies.

3

Revenue

DKK'000	2018	2017
Wind	1,232,427	2,930,781
Other	222,851	155,560
Total	**1,455,278**	**3,086,341**
At a point time	6,920	5,140
Over time	1,448,358	3,081,201
Total	**1,455,278**	**3,086,341**

4

Staff costs

DKK'000	2018	2017
Wages and salaries	206,797	275,447
Defined contribution plans	14,350	21,692
Other social security costs	4,129	5,757
Total staff costs	**225,276**	**302,896**
Total average number of employees	**355**	**557**
Staff costs are recognized as follows in the income statement:		
Production costs	185,027	276,494
Distribution costs	7,382	7,280
Administrative expenses	32,867	19,122
	225,276	**302,896**
Of this figure, consideration for::		
Remuneration, Board of Directors	638	656
Remuneration, Executive Board	19,683	7,010
Remuneration, Executive Board, pension contributions	501	384
	20,822	**8,050**

5

Amortization of intangible assets and depreciation of property, plant and equipment

DKK'000	2018	2017
Depreciation of property, plant and equipment, see note 12	28,939	31,230
Depreciation of lease assets, see note 13	15,878	19,136
Amortization of other intangible assets, see note 11	900	1,874
Profit from sale of property, plant and equipment	-101	-1,065
	45,616	**51,175**
Depreciation is recognized as follows in the income statement:		
Production costs	45,401	50,640
Administrative expenses	215	535
	45,616	**51,175**

6

Fees paid to auditors appointed at the annual general meeting

DKK'000	2018	2017
Total fee for PwC is specified as follows:		
Statutory audit	381	467
Tax and VAT assistance	340	130
Other assistance	324	302
	1,045	**899**

7

Financial income

DKK'000	2018	2017
Dividend	765	2,300
Interest, group enterprises	0	923
	765	**3,223**
Interest on financial assets measured at amortized costs	**765**	**3,223**

8

Financial expenses

DKK'000	2018	2017
Interest, banks, etc.	3,021	5,772
Interest on lease	5,168	6,210
Interest, group enterprises	276	280
	8,465	**12,262**
Interest on financial liabilities measured at amortized costs	**8,645**	**12,262**

9

Tax on profit for the year

DKK'000	2018	2017
Tax on profit for the year is specified as follows:		
Current tax	1,571	-316
Deferred tax	4,882	-825
	6,453	**-1,141**
Tax on profit/loss for the year is specified as follows:		
22,0% tax on profit for the year before tax	7,906	6,631
The tax effect of:		
Non-taxable income	-168	-9,766
Non-deductible costs	588	2,311
Adjustment previous years	-1,873	-317
	6,453	**-1,141**
Effective tax rate	**18.0%**	**-3.8%**

10

Other reserves

DKK'000	2018	2017
Cash flow hedges 1 January	-1,248	-5,538
Reclassification to profit or loss - gross	1,600	7,100
Deferred tax	0	-1,562
Revaluation-gross	0	-1,600
Deferred tax	-352	352
Cash flow hedges at 31 December	**0**	**-1,248**

Cash flow hedges

The hedging reserve is used to record gains or losses on derivatives that are designated and qualify as cash flow hedges and that are recognised in other comprehensive income. Amounts are reclassified to profit or loss when the associated hedged transaction affects profit or loss.

11

Other intangible assets

DKK'000	Other Intangible assets
Cost at 1 January 2018	6,377
Additions	963
Cost at 31 December 2018	7,340
Depreciation and impairments at 1 January 2018	4,882
Depreciation	900
Depreciation and impairments at 31 December 2018	5,782
Carrying amount at 31 December 2018	**1,558**

DKK'000	Other Intangible assets
Cost at 1 January 2017	5,641
Additions	736
Cost at 31 December 2017	6,377
Depreciation and impairments at 1 January 2018	3,008
Depreciation	1,874
Depreciation and impairments at 31 December 2018	4,882
Carrying amount at 31 December 2018	**1,495**

12

Property, plant and equipment

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2018	342,888	9,223	452	352,563
Additions	1,674	486	10,337	12,497
Transferred	452	0	-452	0
Disposals	-2,683	-2,084	0	-4,767
Cost at 31 December 2018	342,331	7,625	10,337	360,293
Depreciation and impairment at 1 January 2018	237,678	6,742	0	244,420
Depreciation	27,815	1,124	0	28,939
Disposals	-2,683	-1,993	0	-4,676
Depreciation and impairment at 31 December 2018	262,810	5,873	0	268,683
Carrying amount at 31 December 2018	**79,521**	**1,752**	**10,337**	**91,610**

DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Assets under construction	Total
Cost at 1 January 2017	371,778	15,713	0	387,491
Additions	2,866	726	452	4,044
Disposals	-31,756	-7,216	0	-38,972
Cost at 31 December 2017	342,888	9,223	452	352,563
Depreciation and impairment at 1 January 2017	239,489	12,145	0	251,634
Depreciation	29,944	1,286	0	31,230
Disposals	-31,755	-6,689	0	-38,444
Depreciation and impairment at 31 December 2017	237,678	6,742	0	244,420
Carrying amount at 31 December 2017	**105,210**	**2,481**	**452**	**108,143**

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Lease assets

DKK'000	Rental of premises	Company cars	Total
Cost at 1 January 2018	218,138	1,753	219,891
Additions	480	0	480
Disposals	0	-786	-786
Cost at 31 December 2018	218,618	967	219,585
Depreciation and impairment at 1 January 2018	131,576	958	132,534
Depreciation	15,350	528	15,878
Disposals	0	-786	-786
Depreciation and impairment at 31 December 2018	146,926	700	147,626
Carrying amount at 31 December 2018	**71,692**	**267**	**71,959**

DKK'000	Rental of premises	Company cars	Total
Cost at 1 January 2017	218,138	1,529	219,667
Additions	0	493	493
Disposals	0	-269	-269
Cost at 31 December 2017	218,138	1,753	219,891
Depreciation and impairment at 1 January 2017	112,997	670	113,667
Depreciation	18,579	557	19,136
Disposals	0	-269	-269
Depreciation and impairment at 31 December 2017	131,576	958	132,534
Carrying amount at 31 December 2017	**86,562**	**795**	**87,357**

Measurement of lease liabilities is based on the non-cancelled period and does not include extension options. Rented premises are non-cancellable for Bladt Industries as lessee up to 2024 with an option to extend for 15 years..

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Investments in subsidiaries

DKK'000	2018	2017
Cost at 1 January	1,797	1,797
Additions	0	0
Cost at 31 December	1,797	1,797
Carrying amount at 31 December	**1,797**	**1,797**

Investments in subsidiaries are measured at cost in connection with the Company's transition to financial reporting according to IFRS. The carrying amount of the investments is used as new cost price calculated according to the previous accounting policies at 1 January 2011.

DKK'000	Registered	Equity		Profit for the year		Ownership	
Name	office	2018	2017	2018	2017	2018	2017
Bladt Industries Offshore Wind Germany GmbH	Germany	1,650	1,854	-209	-22	100%	100%
Bladt Industries Polska Sp. z o.o.	Poland	9,512	10,400	257	1,232	90%	90%

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Investments in associated companies

DKK'000	2018	2017
Cost at 1 January	1,000	0
Additions	0	1,000
Cost at 31 December	1,000	1,000
Carrying amount at 31 December	**1,000**	**1,000**

Investments in associated companies are measured at cost.

DKK'000	Registered	Equity		Profit for the year		Ownership	
Name	office	2018	2017	2018	2017	2018	2017
Blue Power Partners A/S	Denmark	-	4,443	-	-567	20%	20%

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Investments in joint ventures

The company participates in Bladt//EEW Offshore Wind Foundation Group I/S and Bladt//EEW Offshore Wind Foundation Group, Gwynt y Môr I/S, Bladt/EEW Offshore Wind Foundation Group, Baltic 2 GbR, Bladt/EEW Offshore foundation Group Baltic 2 I/S, Bladt/EEW Offshore Wind Foundation Group Veja Mate GbR.

All of the above enterprises are considered joint ventures as none of the parties exercise control over them. All material decisions of the enterprises require consensus. The contractual circumstances of the enterprises imply that the parties to the arrangements only have rights to the net assets and, consequently, they are to be treated as joint ventures.

Reference is made to the group chart on page 66 for a view of ownership shares and registered offices. All joint ventures are individually considered immaterial. The financial information for these joint ventures, that are accounted for using the equity method has been summarized below.

DKK'000	2018	2017
Cost at 1 January	0	40,212
Additions	0	0
Disposals	0	-40,212
Cost at 31 December	0	0
Adjustments 1 January	0	-25,555
Profit and loss after tax	0	-9,340
Disposals	0	34,895
Exchange rate adjustment	0	0
Adjustments 31 December	0	0
Carrying amount at 31 December	**0**	**0**

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Inventories

DKK'000	2018	2017
Raw materials and consumables	3,640	3,919
Finished goods and goods for resale	205	192
	3,845	**4,111**

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Construction contracts

DKK'000	2018	2017
Selling price of construction contracts	2,653,094	3,763,621
Total progress billing	-2,764,767	-3,670,459
Net value of construction contracts	**-111,673**	**93,162**
Specified as follows:		
Construction contracts (asset)	30,143	114,907
Prepayments received from customers (liability)	-141,816	-21,745
	-111,673	**93,162**

Revenue recognized that were included in the construction contract liability balance at the beginning of the period amounts to DKK 21,745 thousand.

Aggregate amount of construction contracts that are partially or fully unsatisfied at 31 December 2018 amounts to DKK 1,575,000 thousands. Management expect that approximately 85% of the amount will be recognized by the end of the financial year 2019. The amount does not include variable consideration which is constrained.

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Receivables

DKK'000	2018	2017
Trade receivables	624,048	800,929
Other receivables	1,216	2,795
	625,264	**803,724**

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Prepaid costs

DKK'000	2018	2017
Other adjustments	598	538
	598	**538**

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Equity

Capital management
The Company assesses the need for adjusting its capital structure regularly to balance the required higher return on equity against the higher degree of uncertainty of external financing. The Company focuses on having a high equity ratio and ample cash resources to ensure as much scope for financial action as possible.

Share capital
The share capital comprises one share at a nominal value of DKK 20,000 thousand (2017: DKK 20,000 thousand) one share at a nominal value of DKK 9,160 thousand (2017: DKK 9,160 thousand) and one share at a nominal value of DKK 14,840 thousand (2017: DKK 14,840 thousand). There are no restrictions on voting rights.

Dividend
On 31 May 2018 Bladt Industries A/S paid DKK 50,000 thousand in dividend to Bladt Industries Holding A/S (dividend pr. share: DKK 16,667 thousand). On 29 June 2017 Bladt Industries A/S paid DKK 10,000 thousand in dividend to Bladt Industries Holding A/S (dividend pr. share: DKK 3,333 thousand). The paid dividends to the shareholders has no tax consequences to Bladt Industries A/S.

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Deferred tax

DKK'000	2018	2017
Deferred tax at 1 January	22,076	25,290
Adjustment to prior year	-1,035	-3,608
Other comprehensive income	352	1,210
Deferred tax for the year is recognized in profit for the year	4,882	-816
Deferred tax at 31 December	**26,275**	**22,076**
Deferred tax is recognized in the balance sheet as follows:		
Deferred tax (liability)	26,275	22,076
Net deferred tax at 31 December	**26,275**	**22,076**
Deferred tax relates to:		
Property, plant and equipment	2,290	5,289
Construction contracts	26,224	47,201
Tax loss	0	-30,062
Other liabilities	-2,239	0
Other comprehensive income	0	-352
	26,275	**22,076**

There are unrecognized tax loss carry forwards of DKK 0 thousand at 31 December 2018 (DKK 542 thousand at 31 December 2017) relating to depreciation for tax purposes of certain operating equipment. Of the deferred tax DKK 28,424 thousand (2017: DKK 47,201 thousand) are expected to be current tax within 1 year.

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Provisions

Other provisions comprise anticipated warranty costs.
Provisions are determined based on past experience with warranty work.

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Corporation tax payable

DKK'000	2018	2017
Corporation tax payable at 1 January	0	34,625
Adjustment to prior year	683	-316
Current tax for the year	1,571	0
Corporation tax received/paid during the year	-683	-34,309
Corporation tax payable at 31 December	**1,571**	**0**

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Other liabilities

DKK'000	2018	2017
Amounts owed to group enterprises	14,832	22,032
Other payables	97,213	140,352
	112,045	**162,384**

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Contingent liabilities and collateral

Contingent liabilities

DKK'000	2018	2017
Guarantees relating to performance, payment, advance payment and suppliers	1,186,121	1,145,417
Deposit guarantee	24,967	24,967

The Company participates in Bladt/EEW Offshore Wind Foundation Group I/S by 50% Bladt/EEW Offshore Wind Foundation Group Gwynt y Môr I/S by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 GbR by 50%, Bladt/EEW Offshore Wind Foundation Group Baltic 2 I/S by 50% and Bladt/EEW Offshore Wind Foundations Group Veja Mate GbR by 50%.

Collateral

Subject to standard reservations for legal restrictions, the company is a guarantor of loan agreements in other group companies.

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Net debt reconciliation

DKK'000	Note	2018	2017
Cash and cash equivalents		118,486	0
Borrowings - repayable within one year		0	0
Borrowings - repayable after one year (including overdraft)		0	- 85,786
		118,486	**-85,786**

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Changes in working capital

DKK'000	Note	2018	2017
Net change in construction contracts	18	204,835	-208,933
Change in inventories	17	266	612
Changes in receivables	19, 20	178,400	428,117
Changes in trade and other payables		-182,810	-289,322
		200,691	**-69,526**

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Financial risks and financial instruments

The Company's risk management policy

Due to its operating, investment and financing activities Bladt Industries A/S is only subject to limited exposure to financial risks, including market risks (currency risks, interest risks and raw material risks), credit risks and liquidity risks.
The Company's financial risk management is centralized. Management monitors the company's risk concentration on monthly basis within areas such as customers, geographical areas, currencies, etc.

The Company's policy is not to engage in active speculation in financial risks. The Company's risk management aims solely at managing and reducing the financial risks arising directly from the Company's operations, investments and financing.

In 2018 and 2017 the Company has entered into contracts of hedging the currency exposure on fair value and future cash flows.

Market risks

Currency risks

The Company's sale abroad is primarily made in the currency of the customer, which is mainly EUR. The Company's suppliers are paid in EUR and DKK primarily, which means that fluctuations in other currencies will generally not affect the profit of the Company. The Company uses natural hedges for its currency exposure considering projected future cash flows and projected future exchange rate movements. Currency transactions are not made for speculation purposes.

The hypothetical effect on profit for the year and equity based on reasonably probable changes in foreign exchange rates:

Financial risks and financial instruments (continued)

The hypothetical effect on profit for the year and equity based on reasonably probable changes in foreign exchange rates:

2018

	Nominal position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	347,402	108,265	0	239,137	0%	0	0
GBP/DKK	55,623	-2,431	0	58,054	20%	9,056	9,056
PLN/DKK	68	10,610	0	-10,542	10%	-822	-822
NOK/DKK	2,562	2,003	0	559	10%	44	44
SEK/DKK	4,031	295	0	3,736	10%	291	291
USD/DKK	521	310	0	211	10%	16	16
	410,207	**119,052**	**0**	**291,155**			

2017

	Nominal position				Sensitivity		
DKK'000	Cash and receivables	Financial liabilities (non-derivative)	Derivative financial instruments hedging fair value	Total	Probable changes in foreign exchange rates	The hypothetical effect on profit for the year	The hypothetical effect on equity
EUR/DKK	461,391	142,245	0	319,146	0%	0	0
GBP/DKK	20,996	10,264	0	10,732	20%	1,674	1,674
PLN/DKK	751	12,659	0	-11,908	10%	-929	-929
NOK/DKK	2,932	0	0	2,932	10%	229	229
SEK/DKK	336	248	0	88	10%	7	7
	486,406	**165,416**	**0**	**320,990**			

Sensitivity analysis assumptions

- The sensitivity stated is calculated based on the assumption of unchanged sales, price level and interest rate level.
- The sensitivity related to financial instruments is calculated based on the financial instruments recognized at 31 December.
- The calculated, expected fluctuations are based on the average annual volatility of the underlying risks.

A corresponding negative movement in exchange rates will have a corresponding opposing effect on the profit/loss for the year and equity.

Interest rate risks

Financing activities

The Company is not subject to any significant accounting exposure to interest level changes as the Company does not have any significant interest-bearing external debt.

Investing activities

The Company's cash funds are placed as demand deposits.

Financial risks and financial instruments (continued)

Raw material risks
The Company uses raw materials in the form of steel when producing the Company's products.
In relation to significant purchases, the price risk is hedged by making binding agreements covering purchases when entering into sales contracts.

Liquidity risks
For raising of loans it is company policy to ensure as much flexibility as possible. The Company's cash reserves consist of committed credit facilities of DKK 265 million of which DKK 0 million was drawn (DKK 118 million as bank deposit and DKK 25 million drawdown as guarantees for real estate rental deposits). Cash reserves thus total DKK 358 million at 31 December 2018 (DKK 199 million at 31 December 2017).

With the credit facilities available, in the management's opinion, liquidity is adequate according to the budget for 2019.

The Company has interest-bearing liabilities of 0 million in 2018 (87 million in 2017). Short-term liabilities appear from the balance sheet and fall due for payment within one year. Liabilities under operating leases are disclosed in note 28. Based on the Company's expectations for its future operations and the Company's current cash resources, no significant liquidity risks have been identified.

Credit risks
Efforts are made to minimize risks related to giving credit by effective credit management and by establishing alternative collateral in the event of large receivables.

Bank deposits
Credit risks on bank deposits arise when it is uncertain whether the counterparty will be able to meet its obligations when due. The company policy for credit risk management means that the Company's financial cooperation partners' credit ratings are monitored continuously. The Company only places bank deposits with large reputable banks.

Trade receivables
The Company's policy for undertaking credit risks means that all major customers are credit rated before contracts are entered and then on a regular basis. If satisfactory certainty is not achieved at the credit rating of the customer, separate collateral is required for the sale.

Bladt Industries A/S regularly receives milestones payments as the construction contracts are carried out, which reduces the credit risk.

The Company does not have any significant risks relating to individual customers or cooperation partners and historically the Company has not experienced any significant losses on trade receivables.

The maturity of trade receivables is specified as follows:

DKK'000	2018	2017
Receivables not due	181,494	423,123
Maturity period:		
Up to 30 days	77,359	22,080
Between 30 and 90 days	5,956	739
More than 90 days	359,239	354,987
	624,048	**800,929**

None of the trade receivables were impaired at 31 December 2018 or 31 December 2017. Losses have not been realized in 2018 or 2017 on trade receivables nor have they been written down. Please also refer to note 2.

Financial risks and financial instruments (continued)

Categories of financial instruments

DKK'000	Note	2018		2017	
		Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	18	624,048	624,048	800,929	800,929
Other receivables	18	1,216	1,216	2,795	2,795
Amount owed by group enterprises	18	0	0	0	0
Cash		118,486	118,486	0	0
Financial assets at amortized costs		**743,750**	**743,750**	**803,724**	**803,724**
Derivative financial instruments used for hedging		0	0	0	0
Derivative financial instruments		**0**	**0**	**0**	**0**
Lease liabilities	30	72,524	72,524	86,064	86,064
Trade payables		161,299	161,299	295,018	295,018
Bank debt	26	0	0	85,786	85,786
Amounts owed to group enterprises	24	14,832	14,832	22,032	22,032
Other payables	24	97,213	97,213	140,352	140,352
Financial liabilities at amortized cost		**345,868**	**345,868**	**629,252**	**629,252**
Derivative financial instruments used for hedging		0	0	1,600	1,600
Derivative financial instruments		**0**	**0**	**1,600**	**1,600**

Receivables and payables with short credit periods are assessed to have a fair value equivalent to the carrying amount. The fair value of the derivative financial instruments included in other receivables and other payables has been determined on observable market data. This is a level 2 fair value measurement. The inputs used for other fair value measurements, including derivative financial instruments are primarily level 2 inputs.

Input used is classified in accordance with the following hierarchy:
Level 1: quoted prices in active markets for identical liabilities.
Level 2: inputs other than quoted prices that are observable, either directly or indirectly
Level 3: Inputs that are not based on observable market data.

Derivateive financial instruments

The company has established forward exchange contracts to hedge future cash flows on construction contracts in currency GBP totalling DKK 0 million compared to DKK 102.4 million in 2017. At the balance sheet date, these financial instruments have a negative fair value of DKK 0 million against a negative fair value of DKK 1.6 million at 31 December 2017 recognised in other comprehensive income. The hedged cash flows are expected to be realised within 2019.

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Lease liabilities

Lease liabilities expiring within the following periods from the balance sheet date:

DKK'000	2018	2017
0-1 year	17,533	21,844
1-5 years	69,106	69,448
> 5 years	17,205	34,397
Total lease liabilities, non-discounted	**103,844**	**125,689**

Lease liabilities are recognized in the balance sheet as follows:

Non-current liabilities	62,066	72,523
Current liabilities	10,458	13,541
Total lease liabilities	**72,524**	**86,064**

Recognized in the profit and loss statement

Interest expenses related to lease liabilities	5,168	6,210
Expense relating to short term leases, not capitalized	781	968
Expense relating to leases of low-value assets, not capitalized	0	0
	5,949	**7,178**

In 2018 Bladt Industries has paid DKK 18,709 thousand (2017: 22,564 thousand) regarding lease agreements where of interest expenses related to lease liabilities amount to DKK 5,168 thousand (2017: 6,210) and repayment of lease liability amount to DKK 13,541 thousand (2017: 16,354 thousand).

Measurement of lease liabilities is based on the non-cancelled period and does not include extension options. Rented premises are non-cancellable for Bladt Industries as lessee up to 2024 with an option to extend for 15 years.

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Related parties

Bladt Industries A/S has registered the following shareholders holding 5% or more of the share capital:

- Bladt Industries Holding A/S, Aalborg

The parent company, Bladt Industries Holding A/S and the ultimate parent company Nordic Capital Fund VII Ltd., Jersey, has control.

Apart from distribution of dividends of DKK 50,000 thousand (2017: DKK 10,000 thousand), there have been no transactions with these related parties.

Senior executives

Key Management include the Group's Board of Directors, Executive Board and senior executives and their close family members. Companies over which such persons exercise control or joint control are also considered related parties.

Key Management's remuneration is disclosed in note 4. There have been no other transactions.

Related parties (continued)

Subsidiaries

Transactions with subsidiaries, see note 13, have been as follows:

DKK'000	2018	2017
Purchase of services	**10,306**	**10,864**

Amounts owed by and to subsidiaries are shown in notes 18 and 24, and interest on these is disclosed in note 7 and 8.

Joint ventures

Moreover, related parties include joint ventures, see “Group Structure” on page 66 in which Bladt Industries A/S has a significant influence.
Transactions with joint ventures have been as follows:

DKK'000	2018	2017
Sale of services	**0**	**-569**
Purchase of services	**37,024**	**158,030**
Receivables	**0**	**0**

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Events after the balance sheet date

No significant event has occurred after 31 December 2018.

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New accounting regulations

New standards, amendments and interpretations adopted by Bladt Industries A/S.
The following standards have been applied by Bladt Industries A/S for the financial year 2018:

- IFRS 9 Financial Instrumentes
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IFRIC 23 Uncertanty over income treatments

Bladt Industries A/S has assessed that the new standards and amendments to standards and interpretations effective for annual periods beginning after 1 January 2018, are neither not relevant or have no significant effect on the financial statement of Bladt Industries A/S.

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Definitions of financial ratios

The financial ratios stated in the annual report have been calculated as follows:

Operating margin	Operating profit x 100 / Revenue
Solvency ratio	Equity at year end x 100 / Total equity and liabilities at year end
Return on equity	Operating profit x 100 / Average equity
ROIC	EBITA / Average invested capital

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Statement of profit or loss and balance (extract) 2017

This note explains the impact of the adoption of IFRS 16, Leases.

As a result of the changes in the entity's accounting policies, prior year financial statements had to be restated. As explained in note 1, IFRS 16 was adopted retrospectively with the cumulative effect of initially applying the new standard recognised on equity at 1 January 2017. Comparatives information have been restated.

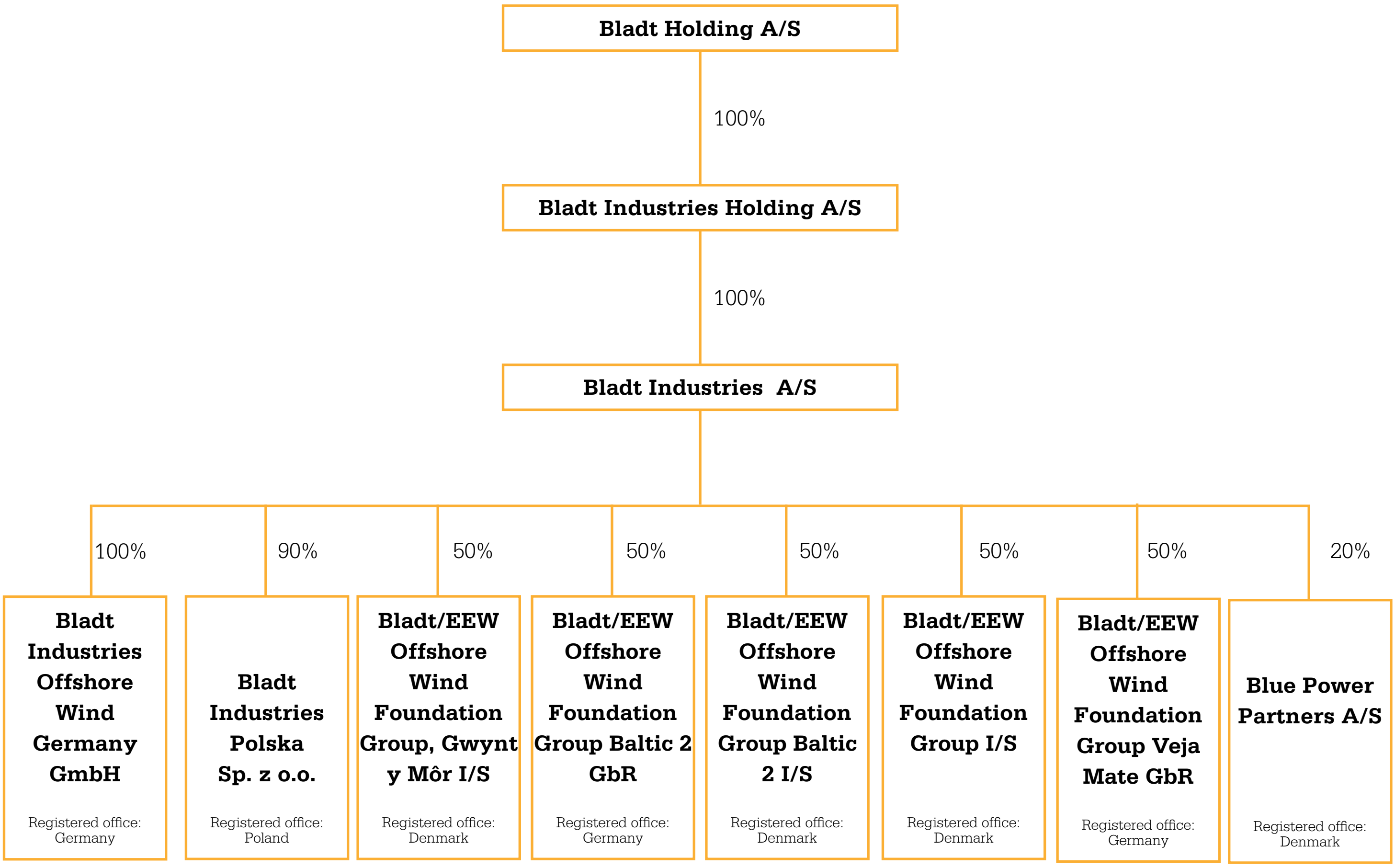
The following table show the adjustments recognised for each individual line item. Line items that were not affected by the changes have not been included. As a result, the subtotals totals disclosed cannot be recalculated from the numbers provided.

DKK'000	As originally presented	IFRS 16	Restated
Administrative expenses	-26,036	6,568	-19,468
Earnings before interest and tax (EBIT)	**-2,116**	**6,568**	**4,452**
Financial expenses	-6,052	-6,210	-12,262
Profit before tax	**29,782**	**358**	**30,140**
Tax on profit for the year	1,219	-78	1,141
Profit for the year	**31,001**	**280**	**31,281**

DKK'000	31 December 2017 As originally presented	IFRS 16	1 January 2018 Restated
Non-current assets			
Lease assets	0	87,357	87,357
Property, plant and machinery	**108,143**	**87,357**	**195,500**
Total non-current assets	**112,435**	**87,357**	**199,792**
Current assets			
Prepaid costs	19,064	-18,526	538
Total current assets	**941,806**	**-18,526**	**923,280**
Total assets	**1,054,241**	**68,831**	**1,123,072**

DKK'000	31 December 2017 As originally presented	IFRS 16	1 January 2018 Restated
Equity			
Share capital	44,000	-	44,000
Retained earnings	418,440	-13,441	404,999
Total equity	**462,440**	**-13,441**	**448,999**
Non-current liabilities			
Deferred tax	25,868	-3,792	22,076
Credit institutions	-	72,523	72,523
Total non-current liabilities	**26,868**	**68,731**	**95,599**
Current liabilities			
Credit institutions	-	13,541	13,541
Total current liabilities	**564,933**	**13,541**	**578,474**
Total liabilities	**591,801**	**82,272**	**674,073**
Total Equity and Liabilities	**1,054,241**	**68,831**	**1,123,072**

Group Structure

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