

# FairWind Holding ApS

Hjulmagervej 6, 7100 Vejle

CVR no. 25 64 27 08

## Annual report 2019

Approved at the Company's annual general meeting on 30 April 2020

Chairman:

.....  
Kim Woetmann





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## Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of FairWind Holding ApS for the financial year 1 January - 31 December 2019.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2019 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Company's operations and financial matters and the results of the Group's and the Company's operations and financial position.

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

Vejle, 30 April 2020  
Executive Board:

.....  
John Jørgen Funch

Board of Directors:

.....  
Hans Steffen Steffensen  
Chairman

.....  
Thomas Bechmann

.....  
Hans Christian Gabelgaard

## Independent auditor's report

### To the shareholders of FairWind Holding ApS

#### Opinion

We have audited the consolidated financial statements and the parent company financial statements of FairWind Holding ApS for the financial year 1 January - 31 December 2019, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2019, and of the results of the Group's and Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Independence

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

#### Management's responsibilities for the financial statements

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

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

## Independent auditor's report

### Auditor's responsibilities for the audit of the financial statements

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

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

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

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

## Independent auditor's report

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Odense, 30 April 2020

ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Søren Smedegaard Hvid  
State Authorised Public Accountant  
mne31450

Morten Østergaard Koch  
State Authorised Public Accountant  
mne35420



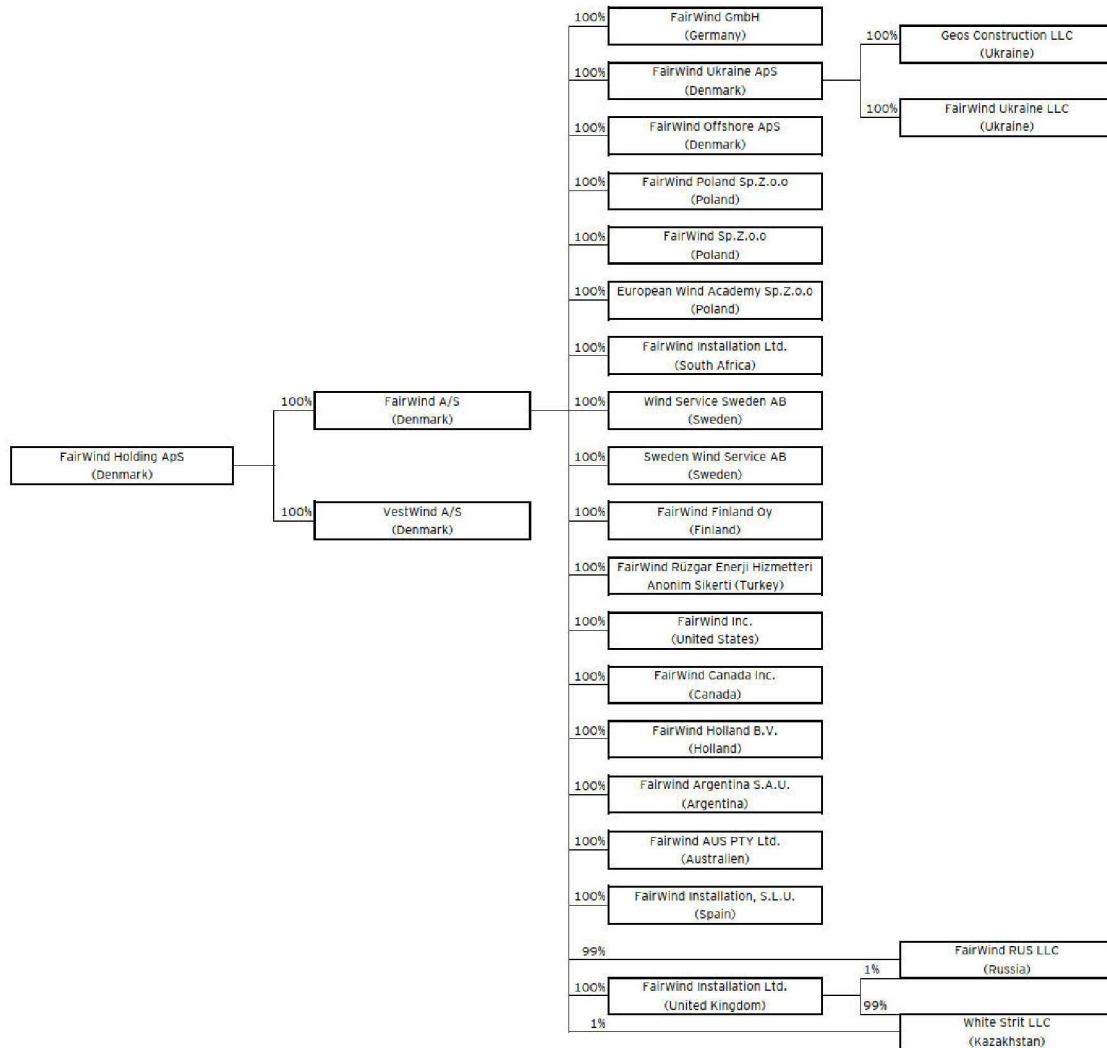
## Management's review

### Company details

Name	FairWind Holding ApS
Address, Postal code, City	Hjulmagervej 6, 7100 Vejle
CVR no.	25 64 27 08
Established	18 December 2013
Registered office	Vejle
Financial year	1 January - 31 December
Website	<a href="http://www.fairwind.com">www.fairwind.com</a>
Telephone	+45 75 11 76 20
Board of Directors	Hans Steffen Steffensen, Chairman Thomas Bechmann Hans Christian Gabelgaard
Executive Board	John Jørgen Funch
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark
Bankers	Jyske Bank A/S Enghavevej 32, 7100 Vejle

## Management's review

### Group chart





## Management's review

### Financial highlights for the Group

DKK'000	2019	2018	2017	2016	2015
<b>Key figures</b>					
Revenue	1,009,483	648,956	684,200	448,058	315,256
Gross profit	118,623	100,643	100,374	72,052	73,258
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	40,980	37,586	43,470	24,365	25,250
Operating profit/loss	15,448	16,086	23,951	7,739	18,235
Net financials	-10,879	-10,706	-9,138	-6,136	-4,560
Profit before tax	4,869	5,380	15,040	3,118	7,884
<b>Profit for the year</b>	<b>3,832</b>	<b>3,273</b>	<b>9,357</b>	<b>1,026</b>	<b>5,153</b>
<b>Total assets</b>	<b>582,133</b>	<b>414,736</b>	<b>346,553</b>	<b>341,533</b>	<b>249,843</b>
<b>Equity</b>	<b>74,064</b>	<b>67,053</b>	<b>65,637</b>	<b>59,066</b>	<b>51,409</b>
Cash flows from operating activities	-15,450	-5,390	13,834	-1,846	-16,501
Net cash flows from investing activities	-14,418	-25,813	-19,055	-35,015	-12,858
Cash flows from financing activities	68,258	11,456	-7,962	12,045	25,223
<b>Total cash flows</b>	<b>38,390</b>	<b>-19,747</b>	<b>-13,183</b>	<b>-24,816</b>	<b>-4,136</b>
<b>Financial ratios</b>					
Return on assets	3.1%	4.2%	7.0%	2.6%	8.4%
Equity ratio	12.7%	16.2%	18.9%	17.3%	20.3%
Return on equity	5.4%	4.9%	15.0%	1.9%	11.1%
<b>Average number of employees</b>	<b>562</b>	<b>451</b>	<b>493</b>	<b>233</b>	<b>147</b>

For terms and definitions, please see the accounting policies.

## Management's review

### Business review

The group's principal activities are installation of wind turbines and other related services.

### Financial review

The profit for the year amounts to DKK 3,832 thousand (2018: DKK 3,273 thousand) and total equity amounts to DKK 74,064 thousand (2018: DKK 67,053 thousand), which is below the expectations set forth in the annual report 2018.

Management considers the development in turnover and activity as satisfactory and the development in profit for the year as not satisfactory.

The wind turbine manufacturer had in the first half of 2019 challenges in supplying components on site as well as the fact, that several projects from a planning perspective were delayed.

The limited execution period had a negative impact on the profit for the year, as FairWind in order to secure the workforce and the execution of the projects, had to maintain a large workforce in the first part of the year and thereby hold on to high not rechargeable cost.

### Special risks

#### *General risks*

The group is not exposed to any specific risks which are not common for the type of business activities performed by the group except for currency risks mentioned below.

#### *Currency risks*

The group has activities in a variety of countries around the world. Some countries have volatile currencies, which expose the group to currency risks due to increase or decrease in local currencies compared to DKK.

### Research and development activities

The group has no significant research and development activities.

### Statutory CSR report

FairWind's CSR policy and responsibility applies for all employees in FairWind as well as subcontractors and suppliers.

### We have displayed social responsibility since 2008

In FairWind we are conscious of our social responsibility and we wish to operate a business that shows consideration for individuals, the community and the environment we are a part of. Being accountable towards our CSR policy, we will account for our ambitions, how to achieve them and the results hereof. Every year we will attempt to expand focus areas to constantly force ourselves to develop and improve the CSR outcome and results.

### We seek dialogue

Dialogue is a basic tool for management to run operations smoothly and to achieve results in cooperation with partners. FairWind has years of experience in taking responsibility and working towards all parties by engaging in a constructive dialogue throughout all phases of any project. Dialogue means that we achieve our goals to the satisfaction of our direct customers, our suppliers and other business partners.

We encourage cooperation between all parties in our operations and close circle of the value chain to find coherent solutions - not just for FairWind but for the whole supply chain. This requires close collaboration and detailed insight into our projects. We are a natural centre point for cooperation because we are always closely connected to our partners.

## Management's review

### How FairWind focuses on the UN sustainability goals

As per the FairWind Vision & Mission statement, we exist to contribute towards maturing the market of installation and service of renewable energy devices and finding innovative ways of reducing the installation cost of clean energy.

Since energy production is by far the largest source of emissions of carbon dioxide globally, and these emissions are one of the main causes of global warming, FairWind is indirectly also contributing to solving the necessary "Climate Action," ensuring a habitable planet for our children and future generations.

Also, FairWind is utilizing cross-border work, meaning that we often employ people from low-cost countries, which both keeps the project costs down, ensuring a good business case for renewable energy, but also economic growth in those less-wealthy countries. This as the technicians' salaries flow into these countries, the technicians are trained by FairWind, and unemployment in those countries is affected positively, hence we are also contributing towards local economic growth through decent work. Conclusively, FairWind focuses on delivering to 3 of the 17 global sustainable development goals; Affordable and Clean Energy (7), Climate Action (13), Local economic growth through decent work (8)

Through our main operation of installing wind turbines, this year (2019) we can proudly share that we have been involved in the installation of more than 5.2 GW (compared to 3.5 in 2018), preassemble for offshore of 2.1 GW and have technicians and person working in the interest of FairWind from more than 25 different nations. Our ambitions for the coming years are to continuously grow GW installation as well as maintain or steadily grow our global footprint. During this process it is key for FairWind as a global player to be compliant with the ten principles of the UN Global Compact.

### UN GLOBAL COMPACT - FairWind's commitment to the 10 principles

The relationship to our suppliers and subcontractors is a natural extension of the Global Compact principles.

FairWind's contracts with suppliers and subcontractors are governed by various guidelines from the company, that help to ensure high quality and adherence to required standards going backwards in the supply chain. FairWind commits its subcontractors to contractually live up to applicable national collective agreements. If this is not complied with, it is considered a significant breach of contract.

FairWind supports and respects the protection of internally proclaimed human rights within the boundaries of what is influenced by the company.

- ▶ FairWind ensures that the company does not contribute to the violation of human rights.
- ▶ FairWind maintains the freedom of assembly and acknowledges the right of collective bargaining.
- ▶ FairWind supports the elimination of all forms of forced labour.
- ▶ FairWind supports the elimination of child labour.
- ▶ FairWind supports the elimination of discrimination related to work and employment conditions.
- ▶ FairWind supports initiatives regarding sustainable environmental challenges.
- ▶ FairWind takes initiatives to promote greater environmental responsibility.
- ▶ FairWind encourages the development and dispersion of environmental technologies.
- ▶ FairWind opposes all forms of corruption, extortion and bribery.

### Code of Conduct - legislation, human rights and anticorruption

FairWind's Code of Conduct is a set of principles for ethical behaviour. It defines what we believe is a responsible ethical, social and environmental practice. It sets out clearly what is expected from our personnel.

## Management's review

As a global company, FairWind has personnel from more than 25 different nationalities with different religious beliefs, cultures and political views. FairWind personnel are subject to various local laws and regulations. Although the Code of Conduct is applicable and enforceable in any country where FairWind performs its activities, personnel are also subject to the national laws and regulations in their respective countries of activity and to any laws in their own countries. FairWind will comply with the laws of every jurisdiction in which it operates. Where a local law sets higher standards than those set out in our Code of Conduct, the local law takes precedence. The Code of Conduct proposes a set of minimum standards. FairWind business units may set stricter standards, when these do not conflict with the Code of Conduct. The full version of FairWind's Code of Conduct is available online at [www.fairwind.com](http://www.fairwind.com).

### *Target & results*

The risk regarding human rights primarily relates to breach on human rights in the supply chain, in relation to suppliers operations in foreign countries.

The risk regarding anticorruption for FairWind primarily relates to corruption and bribery in the value chain, in relation to suppliers operations in foreign countries.

With 0 breaches of the Code of Conduct FairWind in 2019 has delivered to our target.

### *Achieving the target & future ambitions*

FairWind has over the course of the last year strengthened our efforts on specific elements such as the Anti-Bribery & Corruption Policy. Also, in recent years all new office employees, technicians, subcontractors and suppliers received the Code of Conduct as part of the onboarding process and were informed of our targets. In 2019 we started tracking and documenting this process, with employees and suppliers being asked to sign a document committing to being compliant (which is subjects to audits; see quality measures in separate paragraph later in this document).

The target for 2020 will remain 0 breaches of the Code of Conduct.

## Safety culture

### *Target & results*

In FairWind safety is non-negotiable as every employee has the right to feel safe. While our Safety culture is driven by the FairWind Quality & Safety departments, we are also in close dialogue with customers to understand and be compliant with their demands. However, FairWind always strives to exceed these as safety must be embedded in daily activities. The risk regarding social and employee conditions for FairWind primarily relates to work accidents under installation of wind turbines. For 2019 key measures were defined:

- ▶ For 2019 FairWind had a target of 0 fatal accidents
- ▶ For 2019 FairWind had a target for Lost time injury frequency at max 5.0 measured per 1,000,000 hours
- ▶ For 2019 FairWind had a target for Total injury frequency at max 8.0 measured per 1,000,000 hours

In 2019, FairWind had 0 fatal accidents, but counted 6 work related incidents which resulted in a Lost Time Injury frequency of 2.6 (comfortably below the target of 5). This is considered a very satisfying development as in 2018, a year with less activity than 2019, we counted 13 work related incidents. The total recordable incidents rate was also better than the target at 7.9 against an ambition of 8.0.

### *Achieving the target & future ambitions*

In 2019, our QHSE and HR departments continued to measure the number of work-related incidents and reports these at all management meetings on our company dashboard. This to ensure that the management pay attention to the targets, actuals, and ambitions. Further emphasizing management's focus on safety in FairWind was the total of conducted safety walks from back-office managers, exceeding 150 during 2019. Worth highlighting is also our proactive Safety Campaigns, where FairWind in 2019 launched 9 in total:

- ▶ Mental health and wellness

## Management's review

- ▶ Worlds Safety Day
- ▶ Driving Campaign: arrive alive, speeding/GPS checking program
- ▶ Work at high temperatures
- ▶ Winter Plan: winter working procedures, Winter plan, winter tyres
- ▶ BLS / AED training for office workers
- ▶ LMRA training for IC
- ▶ Felt leadership
- ▶ Positive recognition program (HSE hero)

As part of the onboarding procedure all new employments receive all internal policies and safety procedures, and the company's QHSE department monitors that all policies and regulations are up to date and being followed.

Also, supported by a strong QHSE organization, FairWind carries out mandatory workplace evaluations and is continuously working to improve any matters that do not live up to the requirements.

Worth highlighting is also that in 2019 our QHSE department intensified the measuring of leading indicators to be proactive on improving and this has provided us with data to set new and more ambitious targets for 2020. The health & safety targets for 2020 are:

- ▶ Fatal accidents at 0
- ▶ Lost Time Injury Frequency below 4 measured per 1,000,000 hours (as per client comparison)
- ▶ Total recordable Injury Frequency below 6 measured per 1,000,000 hours
- ▶ Minimum 1 health & safety campaign per quarter
- ▶ 2 safety walks per year for all managers on average
- ▶ Internal QHSE awareness training for site management = 30% as minimum

## Environment and climate

### *Target & results*

Environment and climate are high priorities in FairWind. The target for FairWind is that the company is perceived by customers, employees, suppliers and authorities as a climate and environment conscious company.

FairWind is certified according to ISO 14001 and the climate priority is also an embedded part of the FairWind vision to: "Grow to be the global leader within installation and service of wind turbines based on our commitment to green transformation on earth."

We have not been issued any enforcement notices from environmental authorities in 2019 and our own self regulation has not revealed any violations of environmental law either.

Our target for 2019 was to further reduce our environmental impact more than 10% as measured through the KPI "environmental frequency rate," where the target was set at 0.8. The result for 2019 is considered satisfactory as FairWind has managed to reduce the "environmental frequency rate" to 0.8 per 100,000 project site hours (2018 0.9).

In 2019 FairWind also articulated a desire to run internal environmental campaigns with a minimum of one per half a year. The target for this was achieved by a solid margin, as FairWind proudly managed to run in total five campaigns; 1) Less waste campaign - saving paper, 2) Less waste campaign - saving plastic, 3) Zero waste philosophy, 4) Earth day challenge and finally 5) Recycling FairWind employees book calendars from 2019.

The risks regarding environment for FairWind primarily relates to spills of chemicals.

The risks regarding climate for FairWind primarily relates to CO<sub>2</sub>-emission and excess energy consumption.

## Management's review

### *Achieving the target & future ambitions*

FairWind secures the company's environmental arrangements through detailed internal control systems such as:

- ▶ Checking waste & chemical management on site
- ▶ Determining environmental aspects and impacts
- ▶ Including clear rules and environmental policies in an EHS Plan issued for each project
- ▶ Including control measures related to environmental aspects in risk assessments issued for each project
- ▶ Carrying out audits on site (where waste and chemical management are the crucial points for checking)
- ▶ Monitoring environmental indicators (EFR) from site
- ▶ Carrying out internal audits (especially in warehouse where environmental aspects are visible and can influence on employees directly)
- ▶ Developing environmental campaigns among employees
- ▶ Promoting pro-environmental behaviours

In the installation of wind turbines, FairWind's main operation, we continuously optimize the use of energy to avoid excess energy consumption and limit CO<sub>2</sub>-emission.

In 2019, FairWind further optimized energy consumption and further limited the CO<sub>2</sub>-emission.

Also, in relation to the external environment, FairWind has always adjusted working processes locally to comply with any relevant environmental legislation.

The 2020 goals for the environmental area are:

- ▶ Environmental penalties from authorities = 0
- ▶ Environmental Frequency Rate  $\leq$  0.8
- ▶ Minimum 1 environmental campaign per half a year

FairWind also has targets which are less formalized but considered equally important for FairWind in 2020. We wish to support our OEM's in reducing their global environmental footprint and during the coming years significantly reduce CO<sub>2</sub> emission, hence our targets are:

- ▶ Start tracking and tracing of CO<sub>2</sub> emissions such as from our fleet - and prepare a reduction plan
- ▶ Start tracking and tracing of CO<sub>2</sub> emissions such as from our flights - and prepare a reduction plan

## Account of the gender composition of Management

### *The target & result*

FairWind sees it as a corporate social responsibility to contribute to solving the task of gender equality. We believe that diversity among our employees, including even gender distribution, contributes positively to the work environment, the company's performance and our competitiveness.

FairWind has a target of having 15 % of board members in FairWind being women before 2021. In 2019, however, the board has not yet found a suitable woman willing to join the board.

Also, FairWind has a target of an increased percentage of managers and middle managers being female. As per 31/12-2019 status is that FairWind has 22 female managers or middle managers equivalent to 26% of the total group. This percentage is slightly up since 2018 and we also now have 3 more women in leadership positions when compared to last year.

### *Achieving the target & future ambitions*

In FairWind the Board consists of a Chairman and three members. As per 31/12 2019 the status is that there are no female board members, but it is the ambition in 2020 for FairWind to search for competent female candidates for the board.

## Management's review

On the level for manager and middle manager FairWind has been successful in attracting women. This success was due to a continuous focus on attracting women to these positions. In recent years FairWind has focused on a recruitment process where all candidates are treated equally. Since this initiative, the number of female leaders has grown year on year.

### Quality culture

#### *The target & result*

FairWind quality strategy is focused on two main aspects; customer satisfaction as well as the skills and competences of our staff. For 2019 FairWind's quality measures were primarily related to snagging on delivered towers and the targets were:

- ▶ Less than 7 snags for Onshore turbines for SGRE and Vestas (target agreed through client dialogues)
- ▶ Internally we strive for the same level of snags for Enercon
- ▶ Less than 5 snags for Offshore preassembly

In 2019, FairWind delivered satisfying result for snagging, as for each of our onshore clients we delivered results in between 5.7 and 7.0. For Offshore the final total was 2.0.

After having formalized our customer satisfaction and loyalty survey in 2018, FairWind continued this practice in 2019. It was the ambition to improve scores, but the results remained at the level from previous year with satisfaction of 3.87 (2018 3.92) and for loyalty of 4,27 (2018 4,24).

#### *Achieving the target & future ambitions*

In 2019 FairWind further formalized our approach to quality management by:

- ▶ Strengthening our customer satisfaction process
- ▶ Formalizing our risk assessment process, now running every 6 months across all main business areas
- ▶ Initiated the development of customer complaint processes (NCR's)
- ▶ Conducting 18 internal audits and 2 supplier audits.

Also, snagging levels in 2019 have been reported and communicated on leadership as well as board meetings, ensuring the constant monitoring of performance. On top of this, NCR's have been an often-discussed topic, and learning and action plans from the customer satisfaction survey have been an agenda point on several leadership meetings.

Continuing the improvement process, FairWind has set targets for new measures going into 2020. These are:

- ▶ Average number of snagging below 6 in total
- ▶ Customer satisfaction scores 4 or above
- ▶ Quality tool training for site management (min. 50%)
- ▶ Minimum 2 supplier audits carried out
- ▶ Carry our risk assessment at least once a year in each business area
- ▶ Develop detailed 8D analysis for any major customer complaint (cost > 5,000 EUR)

### Charity & Social events

FairWind also contributes to society through charity and in 2019 the below mentioned are highlights:

- ▶ In 2019, FairWind continued our tradition of supporting a local Stettin orphan home during Christmas time.
- ▶ In 2019, FairWind through employee initiatives donated to 'Kræftens Bekæmpelse' (a charity to fight cancer) during its annual campaign in Denmark.

## Management's review

- ▶ In 2019, FairWind allocated funding to the Baltic Sea foundation including formalized plans for 'local forest cleaning events' - during these cleanings employees from FairWind will go to local forest areas (scheduled for early-2020).

## Closing Statement

FairWind's CSR policy is long term and future oriented but also an important point of orientation in the daily operations for FairWind's managers and employees, our subcontractors, and suppliers. FairWind is confident that our CSR policy and related activities will in 2020 also ensure progress and results. At FairWind we will continuously work on expanding our CSR policy as more relevant areas are included. It is our belief that a sound CSR policy changes as our surroundings, supply chain, and society change.

## Events after the balance sheet date

It is not yet known to what extent the company will be affected by the COVID-19 outbreak, but management is monitoring the situation closely in order to adjust the cost level to any temporary decline in activity. At the time of approval of the annual report, it has not been possible for the company's management to provide a reliable estimate of the expected impact of COVID-19, but it is not considered to affect the company to such an extent that further incorporation in the 2019 annual report is required.

## Outlook

Management expects the group to continue the positive development and expects the profit level for 2020 to improve compared to that of 2019.



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Income statement

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
3	<b>Revenue</b>	1,009,483	648,956	0	0
4,5	Production costs	-890,860	-548,313	0	-6,200
	<b>Gross profit</b>	118,623	100,643	0	-6,200
4	Distribution costs	-7,962	-4,812	0	0
4,5	Administrative expenses	-95,214	-79,745	-4,776	-18
	<b>Operating profit/loss</b>	15,447	16,086	-4,776	-6,218
	Other operating income	301	0	0	0
	<b>Profit/loss before net financials</b>	15,748	16,086	-4,776	-6,218
	Income from investments in group entities	0	0	8,790	9,472
	Financial income	2,746	892	0	0
6	Financial expenses	-13,625	-11,598	-1,581	-1,730
	<b>Profit before tax</b>	4,869	5,380	2,433	1,524
	Tax for the year	-1,037	-2,107	1,399	1,749
	<b>Profit for the year</b>	3,832	3,273	3,832	3,273



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Balance sheet

Note	DKK'000	Group		Parent company	
		2019	2018	2019	2018
		<b>EQUITY AND LIABILITIES</b>			
		<b>Equity</b>			
11	Share capital	220	220	220	220
	Net revaluation reserve according to the equity method	0	0	39,036	27,066
	Retained earnings	73,844	66,833	34,808	39,767
	<b>Total equity</b>	<b>74,064</b>	<b>67,053</b>	<b>74,064</b>	<b>67,053</b>
	<b>Provisions</b>				
12	Deferred tax	11,326	7,431	0	0
13	Other provisions	1,379	6,200	1,379	6,200
	<b>Total provisions</b>	<b>12,705</b>	<b>13,631</b>	<b>1,379</b>	<b>6,200</b>
	<b>Liabilities other than provisions</b>				
	<b>Non-current liabilities other than provisions</b>				
	Bank debt	7,800	10,400	0	0
14	Subordinate loan capital	53,825	53,147	44,388	44,203
		<b>61,625</b>	<b>63,547</b>	<b>44,388</b>	<b>44,203</b>
	<b>Current liabilities other than provisions</b>				
	Current portion of non-current liabilities other than provisions	2,600	2,855	0	0
	Bank debt	184,854	114,547	0	0
14	Subordinate loan capital	1,196	1,067	1,196	1,067
	Trade payables	222,783	132,031	0	0
	Payables to group entities	0	0	23,654	13,529
	Other payables	22,306	20,005	24	25
		<b>433,739</b>	<b>270,505</b>	<b>24,874</b>	<b>14,621</b>
	<b>Total liabilities other than provisions</b>	<b>495,364</b>	<b>334,052</b>	<b>69,262</b>	<b>58,824</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>582,133</b>	<b>414,736</b>	<b>144,705</b>	<b>132,077</b>

- 1 Accounting policies
- 2 Financing
- 15 Contractual obligations and contingencies, etc.
- 16 Collateral
- 17 Related parties
- 18 Fee to the auditors appointed by the Company in general meeting

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Statement of changes in equity

		Group		
Note	DKK'000	Share capital	Retained earnings	Total
	Equity at 1 January 2019	220	66,833	67,053
	Transfer through appropriation of profit	0	7,011	7,011
	<b>Equity at 31 December 2019</b>	<b>220</b>	<b>73,844</b>	<b>74,064</b>

		Parent company			
Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2019	220	27,066	39,767	67,053
19	Transfer, see "Appropriation of profit"	0	8,791	-4,959	3,832
	Exchange adjustment	0	3,179	0	3,179
	<b>Equity at 31 December 2019</b>	<b>220</b>	<b>39,036</b>	<b>34,808</b>	<b>74,064</b>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Cash flow statement

Note	DKK'000	Group	
		2019	2018
	Profit for the year	3,832	3,273
20	Adjustments	37,148	34,313
	Cash generated from operations (operating activities)	40,980	37,586
21	Changes in working capital	-37,010	-28,381
	Cash generated from operations (operating activities)	3,970	9,205
	Interest received, etc.	2,746	5,062
	Interest paid, etc.	-13,625	-15,768
	Income taxes paid	-8,541	-3,889
	<b>Cash flows from operating activities</b>	<b>-15,450</b>	<b>-5,390</b>
	Additions of property, plant and equipment	-14,937	-29,179
	Disposals of property, plant and equipment	519	3,366
	<b>Cash flows to investing activities</b>	<b>-14,418</b>	<b>-25,813</b>
	Proceeds from new loans from shareholders and management	1,873	3,971
	Repayments, long-term liabilities	-2,855	-15,391
	Repayments, loans from shareholders and management	-1,067	-1,168
	Cash flow overdraft	70,307	24,044
	<b>Cash flows from financing activities</b>	<b>68,258</b>	<b>11,456</b>
	<b>Net cash flow</b>	<b>38,390</b>	<b>-19,747</b>
	Cash and cash equivalents at 1 January	7,038	26,785
22	<b>Cash and cash equivalents at 31 December</b>	<b>45,428</b>	<b>7,038</b>

Because of a clarifying interpretation, The Company has reclassified short-term bank facilities in the Cash Flow Statement. Previously bank facilities were presented as cash. Henceforward short-term bank facilities will be presented as a part of the financing activities. The comparative figures for 2018 have been adjusted accordingly. The Company's short-term bank facilities per 31 December 2019 amounts to DKK 184,854 thousand (2018: DKK 114,547 thousand).

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of FairWind Holding ApS for 2019 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Because of a clarifying interpretation, The Company has reclassified short-term bank facilities in the Cash Flow Statement. Previously bank facilities were presented as cash. Henceforward short-term bank facilities will be presented as a part of the financing activities. The comparative figures for 2018 have been adjusted accordingly. The Company's short-term bank facilities per 31 December 2019 amounts to DKK 184,854 thousand (2018: DKK 114,547 thousand).

#### Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

#### Consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Acquisitions and disposals of non-controlling interests which are still controlled are recognised directly in equity as a transaction between shareholders.

Investments in associates and joint ventures are recognised in the consolidated financial statements using the equity method.

The group's activities in joint operations are recognised on a line-by-line basis.

#### Non-controlling interests

On initial recognition, non-controlling interests are measured at the fair value of the non-controlling interests' equity interest.

Goodwill relating to the non-controlling interests' share of the acquiree is thus recognised.

#### Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in "Other receivables" and "Other payables", respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement along with changes in the fair value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in other receivables or other payables, respectively, and in equity. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously deferred in equity are transferred to the income statement in the period in which the hedged item affects the profit/loss for the year.

##### Income statement

###### Revenue

Income from the rendering of services is recognised as revenue as the services are rendered. Accordingly, revenue corresponds to the market value of the services rendered during the year (percentage-of-completion method).

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

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

###### Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs of raw materials, consumables and production staff, rent and leases, as well as depreciation on production plant.

Production costs also comprise research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is recognised.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation.

##### Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

##### Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains or losses on the sale of fixed assets.

##### Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

Goodwill is amortised over its estimated useful life determined on the bases of Management's experience of the specific business areas, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill (maximum useful life)	15 years
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The period is 15 years due to strategically acquired group entities with strong markets positions and long-term earning profiles.

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

Fixtures and fittings, tools and equipment	2-10 years
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Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

##### Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial reporting period. The items comprise interest income and expenses, e.g. from group entities and associates, declared dividends from other securities and investments, financial expenses relating to finance leases, realised and unrealised capital gains and losses relating to other securities and investments, exchange gains and losses and amortisation of financial assets and liabilities.

##### Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The Company and its Danish group entities are jointly taxed. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

##### Balance sheet

##### Intangible assets

Goodwill is measured at cost less accumulated amortisation and impairment losses.

##### Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

##### Leases

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries

Equity investments in subsidiaries are measured according to the equity method. Equity investments in joint ventures are also measured according to the equity method in the consolidated financial statements.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deducted from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

##### Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

##### Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Goods for resale are measured at cost, which comprises the cost of acquisition plus delivery costs as well as other expenses directly attributable to the acquisition.

##### Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable is used as discount rate.

Other receivables consists of VAT etc.

#### Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

#### Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

#### Equity

##### *Reserve for net revaluation according to the equity method*

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

##### *Proposed dividends*

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

#### Provisions

Provisions comprise anticipated expenses relating to warranty commitments, onerous contracts, restructurings, etc. Provisions are recognised when the Company has a legal or constructive obligation at the balance sheet date as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation is expected to be settled far into the future.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, 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 Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

##### Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

##### Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

##### Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.

##### Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

#### Segment information

The allocation of revenue to activities and geographical markets is disclosed where these activities and markets differ significantly in the organisation of sales of goods and services.

#### Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating profit/loss	Profit/loss before financial items adjusted for other operating income and other operating expenses
Return on assets	$\frac{\text{Profit/loss from operating activities} \times 100}{\text{Average assets}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 2 Financing

The Group has experienced significant increases in working capital which has resulted in negative cash flow from operations. It is expected that future growth will also result in further increases in working capital and thus depend on increased credit limits. As a result thereof it is necessary to constantly monitor credit limits, guarantees as well as forecast cash flow. Management is aware of the premise and is confident that the strong cooperation with current credit institutions will lead to increased credit limits during 2020 if needed which will enable the Group to realize the expected growth.

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>3 Segment information</b>				
<b>Breakdown of revenue by geographical segment:</b>				
Europe	320,304	406,288	0	0
Scandinavia	425,163	173,974	0	0
North and South America	116,067	48,837	0	0
Rest of the world	147,949	19,857	0	0
	<u>1,009,483</u>	<u>648,956</u>	<u>0</u>	<u>0</u>
<b>4 Staff costs</b>				
Wages/salaries	182,943	155,904	0	0
Pensions	7,420	4,862	0	0
Other social security costs	10,993	4,299	0	0
Other staff costs	3,619	5,423	0	0
	<u>204,975</u>	<u>170,488</u>	<u>0</u>	<u>0</u>

Staff costs are recognised as follows in the consolidated financial statements and the parent company financial statements:

Production	148,107	123,632	0	0
Distribution	6,835	3,008	0	0
Administration	50,033	43,848	0	0
	<u>204,975</u>	<u>170,488</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>562</u>	<u>451</u>	<u>0</u>	<u>0</u>

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the Executive Board and the Board of Directors in the group and in the parent company is not disclosed.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>5 Amortisation/depreciation of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	6,438	6,438	0	0
Depreciation of property, plant and equipment	18,794	15,062	0	0
	<b>25,232</b>	<b>21,500</b>	<b>0</b>	<b>0</b>

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

DKK'000	Group		Parent company	
	2019	2018	2019	2018
Production costs	18,794	15,062	0	0
Administrative expenses	6,438	6,438	0	0
	<b>25,232</b>	<b>21,500</b>	<b>0</b>	<b>0</b>
<b>6 Financial expenses</b>				
Interest expenses, group entities	1,870	1,446	1,510	1,105
Other financial expenses	11,755	10,152	71	625
	<b>13,625</b>	<b>11,598</b>	<b>1,581</b>	<b>1,730</b>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Intangible assets

DKK'000	Group
	Goodwill
Cost at 1 January 2019	97,533
Cost at 31 December 2019	97,533
Impairment losses and amortisation at 1 January 2019	29,499
Amortisation/depreciation in the year	6,438
Impairment losses and amortisation at 31 December 2019	35,937
<b>Carrying amount at 31 December 2019</b>	<b>61,596</b>
Amortised over	15 years

#### 8 Property, plant and equipment

DKK'000	Group
	Other fixtures and fittings, tools and equipment
Cost at 1 January 2019	84,322
Exchange adjustment	477
Additions in the year	14,937
Disposals in the year	-1,891
Cost at 31 December 2019	97,845
Impairment losses and depreciation at 1 January 2019	46,634
Exchange adjustment	245
Amortisation/depreciation in the year	18,794
Reversal of amortisation/depreciation and impairment of disposals	-908
Impairment losses and depreciation at 31 December 2019	64,765
<b>Carrying amount at 31 December 2019</b>	<b>33,080</b>
Depreciated over	2-10 years



## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 9 Investments

	<u>Group</u>
	<u>Deposits, investments</u>
DKK'000	
Cost at 1 January 2019	843
Additions in the year	2
Disposals in the year	-444
Cost at 31 December 2019	<u>401</u>
Carrying amount at 31 December 2019	<u><u>401</u></u>

#### Group

<u>Name</u>	<u>Domicile</u>	<u>Interest</u>
<b>Subsidiaries</b>		
FairWind A/S	Denmark	100%
FairWind GmbH	Germany	100%
FairWind Ukraine ApS	Denmark	100%
FairWind Installation Ltd.	United Kingdom	100%
FairWind Offshore ApS	Denmark	100%
FairWind Installation Ltd.	South Africa	100%
FairWind Sp. Z.o.o	Poland	100%
Wind Service Sweden AB	Sweden	100%
Swedish Wind Service AB	Sweden	100%
FairWind Rüzgar Enerji Hizmetleri Anonim Sirketi	Turkey	100%
Geos Construction LLC	Ukraine	100%
FairWind Ukraine LLC	Ukraine	100%
FairWind Poland Sp. Z.o.o	Poland	100%
FairWind Inc.	United States	100%
FairWind Canada Inc.	Canada	100%
FairWind Finland Oy.	Finland	100%
FairWind Holland B.V.	Holland	100%
European Wind Academy Sp. Z.o.o	Poland	100%
FairWind RUS LLC	Russia	100%
White Strit LLC	Kazakhstan	100%
FairWind Installation SLU	Spain	100%
FairWind Argentina S.A.U.	Argentina	100%
FairWind AUS PTY Ltd.	Australia	100%
VestWind A/S	Denmark	100%

	<u>Parent company</u>
	<u>Investments in group entities</u>
DKK'000	
Cost at 1 January 2019	101,829
Cost at 31 December 2019	<u>101,829</u>
Value adjustments at 1 January 2019	27,067
Exchange adjustment	3,179
Share of the profit/loss for the year	13,556
Amortisation of goodwill	-4,766
Value adjustments at 31 December 2019	<u>39,036</u>
Carrying amount at 31 December 2019	<u><u>140,865</u></u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>10 Work in progress for third parties</b>				
Selling price of work performed	584,335	287,902	0	0
Progress billings	-420,547	-234,093	0	0
	<u>163,788</u>	<u>53,809</u>	<u>0</u>	<u>0</u>
recognised as follows:				
Work in progress for third parties(assets)	163,788	53,809	0	0
	<u>163,788</u>	<u>53,809</u>	<u>0</u>	<u>0</u>

DKK'000	Parent company	
	2019	2018
<b>11 Share capital</b>		
Analysis of the share capital:		
2,201 shares of DKK 100.00 nominal value each	220	220
	<u>220</u>	<u>220</u>

Analysis of changes in the share capital over the past 5 years:

DKK'000	2019	2018	2017	2016	2015
Opening balance	220	220	220	200	200
Capital increase	0	0	0	20	0
	<u>220</u>	<u>220</u>	<u>220</u>	<u>220</u>	<u>200</u>

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>12 Deferred tax</b>				
Deferred tax at 1 January	4,247	2,554	-1,951	-589
Adjustmet of deferred tax	-7,504	1,693	-682	-1,362
<b>Deferred tax at 31 December</b>	<u>-3,257</u>	<u>4,247</u>	<u>-2,633</u>	<u>-1,951</u>

Analysis of the deferred tax

DKK'000	2019	2018	2019	2018
Deferred tax assets	-14,583	-3,184	-2,633	-1,951
Deferred tax liabilities	11,326	7,431	0	0
	<u>-3,257</u>	<u>4,247</u>	<u>-2,633</u>	<u>-1,951</u>

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

DKK'000	Group		Parent company	
	2019	2018	2019	2018
<b>13 Other provisions</b>				
Opening balance at 1 January	6,200	0	6,200	0
Provisions in the year	0	6,200	0	6,200
Provisions utilised in the year	-4,821	0	-4,821	0
<b>Other provisions at 31 December</b>	<b>1,379</b>	<b>6,200</b>	<b>1,379</b>	<b>6,200</b>
The provisions are expected to be payable in:				
0-1 year	1,379	6,200	1,379	6,200
	1,379	6,200	1,379	6,200

Other provisions relates to an ongoing litigation regarding employees in the group.

### 14 Subordinate loan capital

DKK'000	Group
	Amount outstanding
Parent company	39,324
Other	14,501
	<b>53,825</b>
	<b>Parent company</b>
	<b>Amount outstanding</b>
Parent company	29,887
Other	14,501
	<b>44,388</b>

Subordinate loan capital has been granted by current and former owners and is subordinated in relation to all other creditors. Parent company subordinate loan capital will mature in 2026 or in the event of an exit. An amount of DKK 13,235 thousand of other subordinate loan capital will mature in 2024 or in the event of an exit and an amount of DKK 2,230 thousand of other subordinate loan capital will mature in 2020 and 2021. The interest is added to the principal and does not fall due for payment until the principal does.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 15 Contractual obligations and contingencies, etc.

##### Other contingent liabilities

##### Group

##### *Operating lease obligations:*

The Group have entered into operating leasing agreements with a combined lease payment of DKK 4.178 thousand. The remaining term of the leases is 6 to 41 months.

##### *Guarantees:*

The Group has issued work guarantees of DKK 2,424 thousand for services delivered.

##### Parent company

##### *Contingent liabilities regarding group entities:*

The Company is jointly taxed with Apollo Group 1 A/S. The Company is jointly and severally liable with other jointly taxed group entities for payment of income taxes and withholding taxes relating to the respective joint taxations.

The company has provided the following guarantees for subsidiaries:

- ▶ Unlimited guarantee for FairWind A/S for bank loans from Jyske Bank
- ▶ Unlimited guarantee for FairWind Offshore A/S for bank loans from Jyske Bank
- ▶ Unlimited guarantee for FairWind Ukraine ApS for bank loans from Jyske Bank

#### 16 Collateral

##### Group

Trade receivables and work in progress for third parties with a carrying amount of DKK 213,498 thousand have been provided as collateral for bank loans and overdrafts amounting to DKK 188,171 thousand at 31 December 2019.

##### Parent company

The parent company has provided DKK nom. 750,000 of the shares in FairWind A/S as collateral for bank loans from Jyske Bank with a carrying amount of DKK 188,171 thousand at 31 December 2019.

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

#### 17 Related parties

FairWind Holding ApS' related parties comprise the following:

##### Parties exercising control

<u>Related party</u>	<u>Domicile</u>	<u>Basis for control</u>
FairWind Invest ApS	Vordingborg, Denmark	Participating interest

##### Related party transactions

<u>DKK'000</u>	<u>2019</u>	<u>2018</u>
<b>Group</b>		
Subordinate loan capital	-39,324	-38,176
Subordinate loan capital, interest	-1,509	-1,446
<b>Parent Company</b>		
Subordinate loan capital	-29,887	-28,738
Subordinate loan capital, interest	-1,149	1,105

<u>DKK'000</u>	<u>2019</u>	<u>2018</u>
<b>18 Fee to the auditors appointed by the Company in general meeting</b>		
Total fees to EY	2,183	2,576
Statutory audit	515	426
Tax assistance	783	1,016
Other assistance	885	1,134
	2,183	2,576

## Consolidated financial statements and parent company financial statements 1 January - 31 December

### Notes to the financial statements

		Parent company	
DKK'000		2019	2018
<b>19 Appropriation of profit</b>			
Recommended appropriation of profit		8,791	9,474
Net revaluation reserve according to the equity method		-4,959	-6,201
Retained earnings/accumulated loss		3,832	3,273
		Group	
	DKK'000	2019	2018
<b>20 Adjustments</b>			
Amortisation/depreciation and impairment losses		25,232	21,500
Financial income		-2,746	-5,062
Financial expenses		13,625	15,768
Tax for the year		1,037	2,107
		37,148	34,313
<b>21 Changes in working capital</b>			
Change in inventories		-622	-577
Change in receivables		-124,621	-83,672
Change in provisions and payables		88,233	55,868
		-37,010	-28,381
<b>22 Cash and cash equivalents at year-end</b>			
Cash according to the balance sheet		45,428	7,038
		45,428	7,038

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"By my signature I confirm all dates and content in this document."

## John Jørgen Funch

### Executive Board

On behalf of: FairWind Holding ApS

Serial number: PID:9208-2002-2-352789154671

IP: 188.177.xxx.xxx

2020-05-01 14:08:16Z

NEM ID 

## Thomas Bechmann

### Board of Directors

On behalf of: FairWind Holding ApS

Serial number: PID:9208-2002-2-060426427684

IP: 2.105.xxx.xxx

2020-05-02 10:49:40Z

NEM ID 

## Hans Steffen Steffensen

### Board of Directors

On behalf of: FairWind Holding ApS

Serial number: PID:9208-2002-2-584744038720

IP: 188.182.xxx.xxx

2020-05-03 06:18:30Z

NEM ID 

## Hans Christian Gabelgaard

### Board of Directors

On behalf of: FairWind Holding ApS

Serial number: PID:9208-2002-2-657722863454

IP: 176.23.xxx.xxx

2020-05-03 08:42:41Z

NEM ID 

## Søren Smedegaard Hvid

### State Authorised Public Accountant

On behalf of: Ernst & Young P/S

Serial number: CVR:30700228-RID:1256831000710

IP: 87.50.xxx.xxx

2020-05-03 08:45:03Z

NEM ID 

## Morten Oestergaard Koch

### State Authorised Public Accountant

On behalf of: Ernst & Young P/S

Serial number: CVR:30700228-RID:32977604

IP: 145.62.xxx.xxx

2020-05-04 06:25:06Z

NEM ID 

## The name is withheld (SSN validated)

### Chairman

On behalf of: FairWind Holding ApS

Serial number: PID:9208-2002-2-425859709733

IP: 195.249.xxx.xxx

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