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Aarhus N

Hovedgaden 34
Rønde

Østeralle 8
Ebeltoft

Thomas Group A/S
Bredskifte Allé 11
8210 Aarhus V, Denmark

ANNUAL REPORT
2017

The annual report was submitted to and approved
by the company's annual general meeting

31 / 5 2018



Chairman of the meeting

CVR no. 26 65 99 06

Medlem af:



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Management's statement

The supervisory board and the management board today presented the annual report for 2017 for Thomas Group A/S.

The annual report is presented in accordance with the stipulations of the Danish Financial Statements Act.

We regard the chosen accounting policies as appropriate to ensure that the financial statements give a true and fair picture of the assets, liabilities, financial position and profit or loss of the company. In our view, the management's review also gives a true and fair statement of the conditions which the review concerns.

The annual report will be submitted for approval at the general meeting.

Aarhus V, 31 / 5 2018

Management board



Morten Diederich, man. director Trine Sørensen

Supervisory board



Søren Kringelholt Nielsen
Thomas Bruun



Leendert Matheus Schot



Thomas Schmidt Madsen

Independent auditor's report

To the capital owners of Thomas Group A/S

Opinion

We have audited the financial statements for Thomas Group A/S for the period 1 January - 31 December 2017, including profit and loss account, balance sheet and notes, including accounting policies. The financial statements are presented according to the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair picture of the assets, liabilities and financial position of the company as at 31 December 2017 and of the results of the company's operations in the period 1 April - 31 December 2017 in accordance with the Danish Financial Statements Act.

The basis of our opinion

We have carried out our audit in accordance with international standards regarding audits and additional requirements applicable in Denmark. Our responsibility according to these standards and requirements are specified in the "Auditor's responsibility for the audit of the financial statements" section of the auditor's report. In accordance with the international code of ethics for professional accountants (IESBA's Code of Ethics) as well as additional requirements applicable in Denmark, we are independent of the company, and we have complied with our other ethical obligations under these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's responsibility for the presentation of the financial statements

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

When preparing the financial statements, management is responsible for assessing the company's ability to continue operations; to provide information about conditions regarding continued operations where relevant; and to prepare the financial statements based on the accounting principle regarding continued operations unless management intends either to wind up the company, to discontinue operations or has no other realistic alternative than doing this.

Auditor's responsibility for the audit of the financial statements

Our objective is to achieve a high degree of certainty that the financial statements as a whole are free from material misstatements, whether due to fraud or error, and to present an auditor's report with an opinion. A high degree of certainty is a high level of safety but not a guarantee that an audit which is carried out in accordance with international standards regarding audits and additional requirements applicable in Denmark will always uncover any material misstatements when such misstatements exist. Misstatements may occur as a result of fraud or error and may be considered as material if it may reasonably be expected to influence, individually or as a whole, the financial decisions which the users of the accounts make based on the financial accounts.

As part of an audit carried out in accordance with international standards regarding audits and additional requirements applicable in Denmark, we are making professional assessments and maintaining a professional scepticism during our audit.

Moreover:

- We are identifying and assessing the risk of material misstatements in the financial statements, whether due to fraud or error, designing and carrying out audit procedures as a reaction to these risks and obtaining audit evidence which is satisfactory and suitable for forming the basis of our opinion. The risk of not detecting material misstatements due to fraud is higher than at material misstatements due to error as fraud may include conspiracy, document fraud, deliberate omissions, misrepresentation or neglect of internal control.
- We obtain understanding of the internal control of relevance to the audit in order to design audit

Independent auditor's report

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.

- We consider whether the accounting policies used by management are appropriate and whether the accounting estimates and affiliated information prepared by management are reasonable.
- We conclude whether management's preparation of the financial statements based on the accounting principle regarding continued operations is appropriate and whether, based on the accounting evidence obtained, significant uncertainties exist in connection with events or conditions which may create considerable doubts as to the company's ability to continue operations. If we conclude that significant uncertainties exist, we must in our auditor's report point to information to this effect in the financial statements or, if such information is not satisfactory, modify our opinion. Our opinions are based on the audit evidence which has been obtained until the date of our auditor's report. However, future events or conditions may result in the company not being able to continue operations.
- We consider the overall presentation, structure and contents of the financial statements, including information in the notes, and whether the financial statements reflect the underlying transactions and events in such a way that it gives a true and fair picture hereof.

We are communicating with the top management regarding, among other things, the planned scope and time of the audit and considerable auditing observations, including considerable failures, if any, in the internal control which we identify during the audit.

Statement on the management's review

Management is responsible for management's review.

Our opinion on the financial statements does not include management's review and we do not express any assurance opinion on management's review.

In connection with our audit of the financial statements, it is our responsibility to read management's review and, in this connection, consider whether management's review is significantly inconsistent with the financial statements or our knowledge obtained during the audit or in any other way seems to include material misstatements.

In addition, our responsibility is to consider whether management's review contains the information required in accordance with the Danish Financial Statements Act.

Based on the work carried out, Management's review is, in our view, in accordance with the Danish Financial Statements Act and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatements in management's review.

Aarhus N, 31 / 5 2018

Kovsted & Skovgård
Statsautoriseret revisionspartnerselskab
CVR no.: 38751646

Johnny Skovgård Rasmussen
state-authorized public accountant
MNE no.: mne32079

Company information

The company	<p>Thomas Group A/S Bredskifte Allé 11 8210 Aarhus V, Denmark</p> <p>Phone: +45 70 26 04 60 Email: md@thomasgroup.dk</p> <p>CVR no.: +45 26 65 99 06 Founded: 21 June 2002 Financial year: 1 January - 31 December</p>
Supervisory board	<p>Søren Kringelholt Nielsen, chairman Leendert Matheus Schot Thomas Schmidt Madsen Thomas Bruun</p>
Management board	<p>Morten Diederich, man. director Trine Sørensen</p>
Financial institution	<p>Nykredit Bank A/S Østervold 47 8900 Randers C, Denmark</p>
Auditor	<p>Kovsted & Skovgård Statsautoriseret revisionspartnerselskab Vestre Ringgade 61 8200 Aarhus N, Denmark</p>

Management's review

Main Activity

The company develops concepts, engineered solutions and equipment for the global wind power industry.

Development in company activities and financial circumstances

In 2017, the company realized a loss of DKK 1.391,000, which neither the Board of Directors or the Management Board finds satisfactory. The loss is partly the result of a general decline in demand with in activities with key clients, partly due to costs related to restructuring of operations.

In the last couple of years, Thomas Group (and the affiliate Thomas Group Manufacturing) has undergone significant development. The company has completed a strategic transformation in order to focus exclusively on supply chain activities in the wind turbine industry. In the past year, the company has worked intensely on describing and streamlining internal processes and procedures. The company has implemented a quality management system and will soon implement certification according to the ISO: 2015 standard. 2017 was also the year where we implement the go-to-market strategy: "Cost of Energy Leadership: Sustainable growth towards 2020". The aim of the strategy is to transform the company into a turnkey supplier of supply chain improvements based on the following model:

Operating Model

Consulting	Engineering	Manufacturing	Deployment
<ul style="list-style-type: none"> • Identification of cost-out potentials • Value stream analysis and conceptualization 	<ul style="list-style-type: none"> • Solution design and verification • Production & Supply Chain engineering • Machine development 	<ul style="list-style-type: none"> • Machine production • Turn-key projects - Project management, Sourcing, Site management, Service 	<ul style="list-style-type: none"> • Rolling out know cost-out measures to realize savings globally

Another key element in the strategy is to lessen the dependency on individual clients. In the future, the company will approach clients in three different client segments - Project Development, Supply Chain Cost Out and Operations & Maintenance. These segments will be the central sales units and have independent budget responsibility. In 2017, the efficiency improvements have also included organizational changes as the company has moved away from being primarily an hourly-based consultancy to become a turnkey project company. Because of this change of focus, the company has parted with a number of employees, in order to get the right mix of competencies.

In the fall of 2017, the company was affected by falling demand with a few key clients. Because of this management has pressed on to advance the implementation of the segment strategy, which at the time of writing (May 2018) seems to have the intended effect. At present, the company has laid down the strategic framework for future growth. Two of the three segments mentioned above - Project Development and Supply Chain Cost Out – are moving forward as planned and the segments are expected to expand in the years to come.

Management believes the Project Development segment has great potential and the company is in a favorable situation to realize the potential.

In recent years, the Supply Chain Cost Out segment has moved into supplying turnkey production - and transportation equipment to wind turbine manufacturers. These projects have considerable potential. In the future, the company will focus on developing still more cost-effective suppliers to become more competitive.

The company has still not found its footing in the Operations & Maintenance segment, which is a focus area in 2018.

Largely, the company has implemented most of the changes laid out in the go-to-market strategy. In the future, company management will focus on developing still stronger client relations and - in line with the expected growth - strengthen the three segments.

Management's review

Important events occurring after the balance sheet date

After the end of the financial year, no events have occurred which may change the financial position of the company substantially.

Accounting policies

GENERAL INFORMATION

The financial statements for Thomas Group A/S for 2017 have been prepared in accordance with the provisions of the Danish Financial Statements Act regarding class B companies as well as optional rules for class C companies.

The financial statements have been presented in accordance with the same accounting policies as last year and are presented in Danish kroner.

Basis of recognition and measurement

The accounts are prepared in accordance with the historical cost convention.

Income is recognised in the profit and loss account as it is earned, including value adjustments of financial assets and liabilities that are measured at fair value or amortised cost. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the profit and loss account, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the profit and loss account.

Assets are recognised in the balance sheet when it is probable that future economic benefits will accrue to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost which recognises a constant effective rate of interest over the life. Amortised cost is computed as original cost less instalments and addition/deduction of the accumulated depreciation of the difference between the cost and the nominal amount. This distributes capital loss and capital gain across the life.

In connection with recognition and measurement, consideration is given to predictable losses and risks occurring prior to the presentation of the financial statements and which prove or disprove matters which exist at the balance sheet date.

Danish kroner is used as the functional currency. All other currencies are considered foreign currency.

Conversion of foreign currency

Transactions in foreign currency are converted at the exchange rate applicable on the transaction date. Any profit/loss arising between the exchange rate on the transaction date and the exchange rate on the date of payment is included in the profit and loss account as a financial item.

Outstanding amounts, debt and other monetary items in foreign currency which have not been settled on the balance sheet date are converted at the exchange rate on the balance sheet date. Differences between the exchange rate on the balance sheet date and the transaction date are included in the profit and loss account as a financial item.

PROFIT AND LOSS ACCOUNT

General information

Referring to Section 32 of the Danish Financial Statements Act, some income and expenses have been summarised in the item "Gross profit".

Accounting policies

Net turnover

Net turnover from sale of services is entered in the profit and loss account if transfer of risk to the purchaser have taken place before the end of the year. Net turnover is recognised exclusive of VAT and less discounts in connection with the sale.

Contract work in progress regarding contracts for services are entered as the production is completed whereby the net turnover corresponds to the sales value of the work completed during the year.

Other external costs

Other external costs include costs for distribution, sale, advertising, administration, premises, bad debts, operational leasing costs, etc.

Staff costs

Staff costs include wages and other wage-related costs, including sickness benefits for the company's employees less salary refunds from the State.

Financial income and expenses

Financial income and expenses are recognised in the profit and loss account with the amounts which concern the financial year. Financial income and expenses include interest income and costs, financial costs of financial leasing, realised and unrealised capital gains and losses regarding securities and debt and transactions in foreign currency, etc.

Tax on profit/loss for the year

The tax for the year, which consists of the current tax for the year and changes in the deferred tax for the year, is recognised in the profit and loss account (the part attributable to the profit/loss for the year) and directly in equity (the part attributable to transactions directly concerning equity).

The parent company and the Danish group companies are jointly taxed. The Danish company tax is divided between the jointly taxed Danish companies in relation to their taxable incomes. The parent company serves as the administration company of the group of jointly taxed companies which means that the parent company handles the payment of taxes, etc. to the Danish tax authorities.

BALANCE SHEET

Tangible fixed assets

Tangible fixed assets are measured at cost less accumulated depreciation, amortisation and other amounts written off.

The depreciation base is cost less expected residual value after the end of the useful life. The depreciation period and the residual value are fixed at the date of acquisition and will be reassessed every year. If the residual value exceeds the asset's book value, depreciation stops.

The cost includes the purchase price and costs directly connected with the acquisition until the time when the asset is ready for use. For the company's own produced assets, the cost also includes costs for materials, components, subcontractors and direct labour costs.

Depreciation has been made on a straight-line basis based on the following assessment of the expected useful lives and residual values of the assets:

	<u>Useful life</u>	<u>Residual value</u>
Leasehold improvement	10 years	0%
Other plant, operating equipment and tools and equipment	0 - 5 years	0%

Accounting policies

Small acquisitions at a cost of less than DKK 13,200 per unit are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss on the sale of tangible fixed assets is computed as the difference between the sales price less selling costs and the intrinsic value at the time of the sale. Any profit or loss is recognised in the profit and loss account under "Other operating income/expenses".

Tangible fixed assets are written down to recovery value if this is lower than the book value.

Financial assets

Deposits

Deposits are measured at cost.

Receivables

Receivables are measured at amortised cost which usually corresponds to the nominal value. The value is written down to meet expected losses.

Write-down for loss is calculated on the basis of an individual assessment of each account receivable.

Contract work in progress

Contract work in progress is measured at the sales value of the work completed. The sales value is measured based on the stage of completion on the balance sheet date and the total expected income of the individual work in progress.

Prepayments and accrued income

Prepayments and accrued income entered under assets include paid costs for subsequent financial years.

Dividends

Proposed dividend for the financial year is recognised as a separate item under equity. Proposed dividend is recognised as an obligation at the time it is adopted at the general meeting.

Provisions for liabilities

Provisions for liabilities are recognised when as a result of an event occurred on the balance sheet date at the latest, the company has a legal or actual obligation and it is probable that financial benefits must be surrendered to redeem the obligation.

Company tax and deferred tax

Any current tax obligations and current tax receivables are recognised in the balance sheet as calculated tax on the taxable income of the year adjusted for tax on the taxable income of previous years and for taxation paid on account.

Deferred tax is measured according to the balance-sheet liability method of temporary differences between carrying amounts and the tax bases of assets and liabilities. If the tax base of for example shares can be computed according to alternative taxation rules, the deferred tax is measured on the basis of the planned use of the asset or disposal of the obligation, respectively.

Deferred tax assets, including the taxable value of tax losses which can be brought forward, are measured at the expected realisable value of the asset by either setting off tax in future earnings or by setting off deferred tax obligations within the same legal tax entity. Deferred net tax assets, if any, are measured at the net realisable value.

Deferred tax is measured on the basis of the tax rules and tax rates which apply according to the legislation applicable on the balance sheet date when the deferred tax is expected to be released as

Accounting policies

current tax. Any change in the deferred tax as a result of changes in tax rates is recognised in the profit and loss account. The current tax rate has been used for the current year.

Creditors

Financial creditors are recognised at the contracting of loans at the proceeds received less transaction costs paid. In subsequent periods, the financial creditors are measured at amortised cost corresponding to the capitalised value by using the effective interest rate so that the difference between the proceeds and the nominal value is recognised in the profit and loss account during the loan period.

Other creditors which include debt to suppliers and other debt are measured at the amortised cost price which usually corresponds to the nominal value.

Profit and loss account
1 January - 31 December

Note	2017	2016
GROSS PROFIT	11,735,945	13,091,472
1 Staff costs	-13,255,037	-11,180,305
Depreciation and write-downs of tangible and intangible fixed assets	-102,627	-80,963
PROFIT FROM OPERATING ACTIVITIES	-1,621,719	1,830,204
Other interest receivable and similar income	276	0
Financial costs originating from affiliated companies	-95,401	-13,266
Other financial costs	-47,981	-36,542
PROFIT/LOSS BEFORE TAX	-1,764,825	1,780,396
Tax on profit/loss for the year	373,920	-406,178
PROFIT/LOSS FOR THE YEAR	-1,390,905	1,374,218
PROPOSAL FOR DISTRIBUTION OF THE PROFIT		
Proposed dividend for the financial year	0	1,257,332
Retained earnings	-1,390,905	116,886
TOTAL DISTRIBUTED	-1,390,905	1,374,218

Balance sheet as at 31 December

ASSETS

Note	2017	2016
Other plant, operating equipment and tools and equipment	443,361	225,190
Leasehold improvement	164,800	11,788
Tangible fixed assets	608,161	236,978
Deposits	106,642	106,642
Fixed asset investments	106,642	106,642
FIXED ASSETS	714,803	343,620
Trade receivables	1,481,174	4,350,068
Contract work in progress	0	0
Amounts owed by affiliated enterprises	8,939	185,903
Company tax	0	31,782
Other receivables	113,420	374,152
Deferred tax asset	429,254	55,334
Prepayments and accrued income	352,220	313,428
Receivables	2,385,007	5,310,667
Cash at bank and in hand	902,419	278,981
CURRENT ASSETS	3,287,426	5,589,648
ASSETS	4,002,229	5,933,268

Balance sheet as at 31 December
LIABILITIES

Note	2017	2016
Company capital	500,000	500,000
Retained earnings	185,739	1,576,644
Proposed dividend for the financial year	0	1,257,332
2 EQUITY	685,739	3,333,976
Credit institutions	0	40,220
Prepayments from customers received	0	178,470
Trade creditors	325,013	1,030,194
Debt to affiliated companies	290,330	82,453
Other creditors	2,700,663	1,266,006
Debt to owners and management	484	1,949
Current liabilities other than provisions	3,316,490	2,599,292
CREDITORS	3,316,490	2,599,292
LIABILITIES	4,002,229	5,933,268
3 Contract obligations and contingencies, etc.		
4 Charges and security		

Notes

	2017	2016
1 Staff costs		
Number of employees	17	15
Wages	12,079,567	10,334,861
Pensions	1,060,817	721,423
Other social security expenses	114,653	124,021
	<u>13,255,037</u>	<u>11,180,305</u>

	1/1 2017	Paid dividend	Proposal for distribution of profit	31/12 2017
2 Equity				
Company capital	500,000	0	0	500,000
Retained earnings	1,576,644	0	-1,390,905	185,739
Proposed dividend for the financial year	1,257,332	-1,257,332	0	0
	<u>3,333,976</u>	<u>-1,257,332</u>	<u>-1,390,905</u>	<u>685,739</u>

3 Contract obligations and contingencies, etc.

The company has rental and leasing obligations in the total amount of DKK 293,000.

The company is part of the national joint taxation of the parent company as an administration company and has joint and several liability with the other jointly taxed companies for the total company tax and for any obligations to withhold tax at the source on interest, royalties and dividends.

4 Charges and security

A letter of indemnity in the amount of DKK 1,500,000 has been issued to Nykredit Bank A/S with a floating company charge comprising:

Goodwill, domain names and rights according to the patent act, trade mark act, registered design act, utility model act, copyright act and act on the protection of semiconductor product design (topography).
Stocks of raw materials, semi-finished products and finished goods.

Unsecured claims originating from trade creditors.

Operating equipment.

The book value of the secured assets as on 31 December 2017 is DKK 2,089,000.