

# Danwind Spare Parts ApS

Havnen 23, 7620 Lemvig

CVR no. 29 14 36 09

## Annual report 2017

Approved at the Company's annual general meeting on 11 June 2018

Chairman,



.....  
Dan Thode Kjellgren





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### Statement by the Executive Board

Today, the Executive Board has discussed and approved the annual report of Danwind Spare Parts ApS for the financial year 1 January - 31 December 2017.

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

In my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

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

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

Lemvig, 11 June 2018  
Executive Board:



Dan Thode Kjellgren

## Independent auditor's report

To the shareholders of Danwind Spare Parts ApS

### Opinion

We have audited the financial statements of Danwind Spare Parts ApS for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We 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 Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

### Management's responsibilities for the financial statements

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

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

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

Our objectives are to obtain reasonable assurance 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 Company's internal control.

## Independent auditor's report

- ▶ Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### 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 Statement Act. We did not identify any material misstatement of the Management's review.

### Report on other legal and regulatory requirements

#### *Loan to shareholder*

The Company has granted a loan to one of its shareholders, thus breaching section 210 of the Danish Companies Act, and Management may incur liability in this respect. The Company did not comply with the provisions of Danish tax legislation when it paid out the loan, and Management may incur liability in this respect. The loan including interests has been repaid in 2018.

Herning, 11 June 2018  
ERNST & YOUNG  
Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28



Lene Thorgård Andersen  
State Authorised Public Accountant  
MNE no.: mne42790



## Management's review

### Company details

Name  
Address, Postal code, City

Danwind Spare Parts ApS  
Havnen 23, 7620 Lemvig

CVR no.  
Established  
Registered office  
Financial year

29 14 36 09  
15 October 2005  
Lemvig  
1 January - 31 December

Executive Board

Dan Thode Kjellgren

Auditors

Ernst & Young Godkendt Revisionspartnerselskab  
Industrivej Nord 9, 7400 Herning, Denmark

## **Management's review**

### **Business review**

The Company's main activity is selling wind turbine spare parts.

### **Financial review**

The income statement for 2017 shows a profit of DKK 3,979,952 against a profit of DKK 3,017,663 last year, and the balance sheet at 31 December 2017 shows equity of DKK 8,677,968.

Management considers the Company's financial performance in the year satisfactory.

### **Events after the balance sheet date**

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

### **Outlook**

The Group's revenue for 2018 is expected to increase significantly as sales of projects will increase. A new and larger main warehouse will be established in central Europe in order to meet our customers' requirements in the future. On this basis, profit is expected to increase.

## Financial statements 1 January - 31 December

### Income statement

Note	DKK	2017	2016
	Gross margin	6,706,037	6,409,900
2	Staff costs	-3,268,567	-2,774,076
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-180,728	-141,250
	<b>Profit before net financials</b>	<b>3,256,742</b>	<b>3,494,574</b>
	Income from investments in group entities	1,386,738	781,432
	Income from investments in associates	332,564	39,097
3	Financial income	67,414	149,050
4	Financial expenses	-405,263	-816,697
	<b>Profit before tax</b>	<b>4,638,195</b>	<b>3,647,456</b>
5	Tax for the year	-658,243	-629,793
	<b>Profit for the year</b>	<b>3,979,952</b>	<b>3,017,663</b>
	<b>Recommended appropriation of profit</b>		
	Proposed dividend recognised under equity	1,000,000	400,000
	Net revaluation reserve according to the equity method	1,797,411	616,188
	Retained earnings	1,182,541	2,001,475
		<b>3,979,952</b>	<b>3,017,663</b>



## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2017	2016
	<b>ASSETS</b>		
	Non-current assets		
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	728,608	539,336
		<u>728,608</u>	<u>539,336</u>
7	Financial assets		
	Investments in group entities, net asset value	2,034,661	616,189
	Investments in associates, net asset value	610,673	278,109
	Deferred tax assets	11,129	31,947
		<u>2,656,463</u>	<u>926,245</u>
	<b>Total non-current assets</b>	<u>3,385,071</u>	<u>1,465,581</u>
	<b>Current assets</b>		
	Inventories		
	Finished goods and goods for resale	3,880,061	6,954,753
	Prepayments for goods	501,485	0
		<u>4,381,546</u>	<u>6,954,753</u>
	<b>Receivables</b>		
	Trade receivables	9,298,929	5,409,916
	Receivables from group entities	619,341	0
	Receivables from associates	1,299,416	3,904,275
	Joint taxation contribution receivable	400,082	220,407
	Other receivables	1,217,572	3,178,246
8	Receivables from owners and management	25,835	0
	Prepayments	105,890	531,903
		<u>12,967,065</u>	<u>13,244,747</u>
	<b>Cash</b>	<u>2,269</u>	<u>1,626,066</u>
	<b>Total current assets</b>	<u>17,350,880</u>	<u>21,825,566</u>
	<b>TOTAL ASSETS</b>	<u><u>20,735,951</u></u>	<u><u>23,291,147</u></u>

## Financial statements 1 January - 31 December

### Balance sheet

Note	DKK	2017	2016
	<b>EQUITY AND LIABILITIES</b>		
	<b>Equity</b>		
	Share capital	125,000	125,000
	Net revaluation reserve according to the equity method	2,413,599	616,188
	Retained earnings	5,139,369	3,956,828
	Dividend proposed for the year	1,000,000	400,000
	<b>Total equity</b>	<b>8,677,968</b>	<b>5,098,016</b>
9	<b>Non-current liabilities</b>		
	Other credit institutions	2,471,727	3,229,149
	<b>Total non-current liabilities</b>	<b>2,471,727</b>	<b>3,229,149</b>
	<b>Current liabilities</b>		
	Bank debt	1,421,627	33,375
	Other credit institutions	645,000	477,000
	Trade payables	5,724,630	12,243,062
	Payables to group entities	0	273,726
	Payables to associates	249,652	0
	Income taxes payable	915,507	791,568
	Payables to shareholders and management	101	0
	Other payables	629,739	929,251
	Deferred income	0	216,000
	<b>Total current liabilities</b>	<b>9,586,256</b>	<b>14,963,982</b>
	<b>Total liabilities</b>	<b>12,057,983</b>	<b>18,193,131</b>
	<b>TOTAL EQUITY AND LIABILITIES</b>	<b>20,735,951</b>	<b>23,291,147</b>

- 1 Accounting policies  
10 Contractual obligations and contingencies, etc.  
11 Collateral

## Financial statements 1 January - 31 December

### Statement of changes in equity

DKK	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed for the year	Total
Equity at 1 January 2017	125,000	616,188	3,956,828	400,000	5,098,016
Transfer through appropriation of profit	0	1,797,411	1,182,541	1,000,000	3,979,952
Dividend distributed	0	0	0	-400,000	-400,000
<b>Equity at 31 December 2017</b>	<b>125,000</b>	<b>2,413,599</b>	<b>5,139,369</b>	<b>1,000,000</b>	<b>8,677,968</b>

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies

The annual report of Danwind Spare Parts ApS for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

#### Reporting currency

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

#### 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.

#### Income statement

##### Revenue

Income from the sale of goods and finished goods is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

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

##### Gross margin

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

##### Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

##### Depreciation

The item comprises depreciation of property, plant and equipment.

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

Other fixtures and fittings, tools and equipment      3-5 years

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Income from investments in subsidiaries and associates

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 and associates are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries. Only proportionate elimination of intra-group gains/losses is made for equity investments in associates.

##### Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

##### Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

##### Balance sheet

##### 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.

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### Investments in subsidiaries and associates

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries and associates 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 deduced from the carrying amount.

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

##### 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 or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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 or portfolio is used as discount rate.

##### Prepayments

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

## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 1 Accounting policies (continued)

##### 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".

##### 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.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

##### Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

##### Other payables

Other payables are measured at net realisable value.

##### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

## Financial statements 1 January - 31 December

### Notes to the financial statements

DKK	2017	2016
<b>2 Staff costs</b>		
Wages/salaries	3,007,281	2,568,101
Pensions	215,546	173,128
Other social security costs	45,740	32,847
	3,268,567	2,774,076
 Average number of full-time employees	 6	 5
 <b>3 Financial income</b>		
Interest receivable, group entities	11,124	0
Interest receivable, associates	27,241	38,729
Other financial income	29,049	110,321
	67,414	149,050
 <b>4 Financial expenses</b>		
Interest expenses, associates	4,752	0
Other financial expenses	400,511	816,697
	405,263	816,697
 <b>5 Tax for the year</b>		
Estimated tax charge for the year	637,425	653,161
Deferred tax adjustments in the year	20,818	-23,368
	658,243	629,793
 <b>6 Property, plant and equipment</b>		
DKK		<b>Other fixtures and fittings, tools and equipment</b>
Cost at 1 January 2017		721,420
Additions in the year		647,885
Disposals in the year		-277,885
Cost at 31 December 2017		1,091,420
Impairment losses and depreciation at 1 January 2017		182,084
Amortisation/depreciation in the year		180,728
Impairment losses and depreciation at 31 December 2017		362,812
Carrying amount at 31 December 2017		728,608
 Depreciated over		 3-5 years



## Financial statements 1 January - 31 December

### Notes to the financial statements

#### 7 Investments

DKK	Investments in group entities, net asset value	Investments in associates, net asset value	Total
Cost at 1 January 2017	1	200,000	200,001
Additions in the year	1	0	1
Cost at 31 December 2017	2	200,000	200,002
Value adjustments at 1 January 2017	616,188	78,109	694,297
Share of the profit/loss for the year	1,386,736	332,564	1,719,300
Other adjustments, investments	31,735	0	31,735
Value adjustments at 31 December 2017	2,034,659	410,673	2,445,332
Carrying amount at 31 December 2017	2,034,661	610,673	2,645,334

Name	Domicile	Interest
<b>Subsidiaries</b>		
Danwind Spareparts US ApS	Lemvig	100.00%
Danwind Spare Parts Inc	USA	100.00%
<b>Associates</b>		
Danwind Service ApS	Lemvig	50.00%

#### 8 Receivables from owners and management

DKK	Receivables	Interest rate	Collateral	Loans repaid in the year
Executive Board	25,835	10.50%	0	0
	25,835		0	

The loan including interests has been repaid in 2018.

#### 9 Non-current liabilities

Of the long-term liabilities, DKK 0 falls due for payment after more than 5 years after the balance sheet date.

## Financial statements 1 January - 31 December

### Notes to the financial statements

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

##### Other contingent liabilities

The Company has provided joint and several suretyship for Danwind Service ApS' and Danwind Spareparts US ApS', balances with banks and other credit institutions. The companies have no debt at 31 December 2017.

As management company, the Company is jointly taxed with other Danish group entities and is jointly and severally with other jointly taxed group entities for payment of income taxes as well as withholding taxes on interest, royalties and dividends.

##### Other financial obligations

Rent liabilities include a rent obligation totalling DKK 153 thousand in interminable rent agreements with remaining contract terms of 1 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 335 thousand, with remaining contract terms of 1-4 years.

#### 11 Collateral

As security for the Company's debt to banks and other credit institutions, the Company has provided security or other collateral in its assets for at total amount of DKK 7.0 million. The total carrying amount of these assets is DKK 14,409 thousand. The debt to banks and other credit institutions is of DKK 4,539 thousand at 31 December 2017.

Futhermore, as security for the Company's debt to banks and other credit institutions, the Company has provided security in investments in group entities and in investments in associates. The total carrying amount of these assets is DKK 2,645 thousand.