Danwind Spare Parts ApS

Jupitervej 6, Rom, 7620 Lemvig

CVR no. 29 14 36 09

Annual report 2020

Approved at the Company's annual general meeting on 30 June 2021

Chair of the meeting:

....
Dan Thode Kjellgren

Building a better working world

Contents

Statement by the Board of Directors and 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 2020.

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

In my 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 2020 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 2020.

Further, in my 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.

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

Lemvig, 30 June 2021
Executive Board:

Dan Thode Kjellgren

Independent auditor's report

To the shareholders of Danwind Spare Parts ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Danwind Spare Parts ApS for the financial year 1 January - 31 December 2020, 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 2020, 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 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter 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.

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:

Independent auditor's report

- 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.

Herning, 30 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Jesper Stier
State Authorised Public Accountant
mne42245

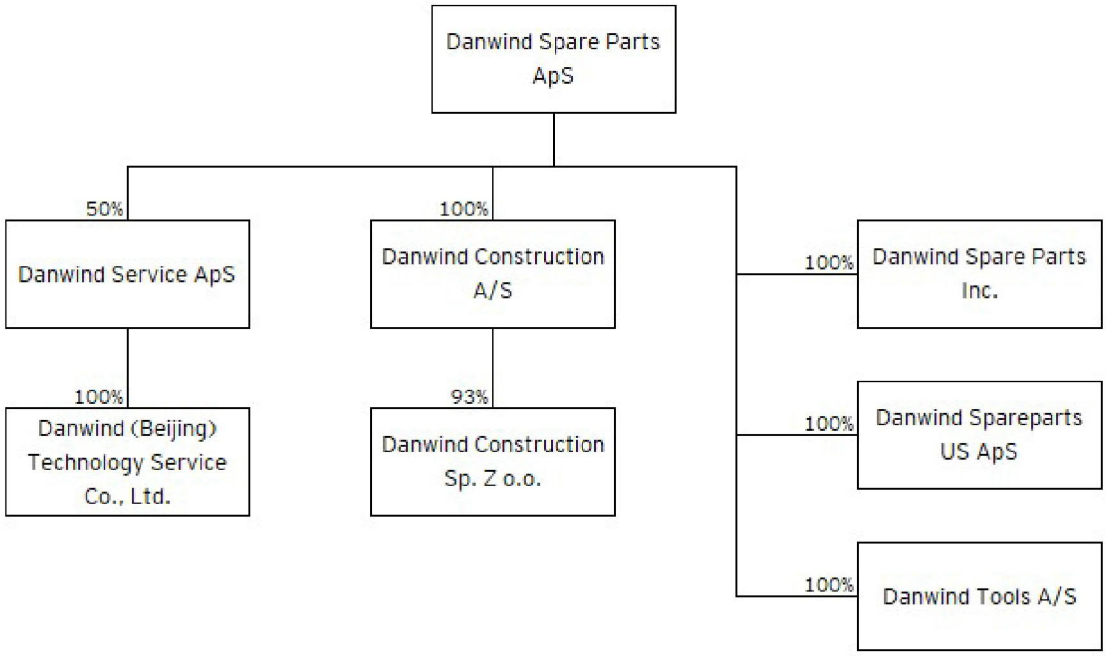
Management's review

Company details

Name	Danwind Spare Parts ApS
Address, Postal code, City	Jupitervej 6, Rom, 7620 Lemvig
CVR no.	29 14 36 09
Established	15 October 2005
Registered office	Lemvig
Financial year	1 January - 31 December
Executive Board	Dan Thode Kjellgren
Auditors	EY Godkendt Revisionspartnerselskab Dalgasgade 27, 3. sal, 7400 Herning, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2020	2019	2018
Key figures			
Gross profit	22,258	20,251	8,406
Operating profit/loss	12,156	11,803	2,116
Net financials	-882	-107	-306
Profit for the year	**8,994**	**8,704**	**1,494**
Non-current assets	8,582	6,304	4,790
Current assets	50,286	42,441	27,959
Total assets	**58,868**	**48,745**	**32,749**
Minority interests	2,387	1,465	45
Equity	**25,747**	**18,933**	**9,172**
Non-current liabilities	3,839	3,047	1,543
Current liabilities	29,282	26,765	22,034
Cash flows from operating activities	16,750	-4,557	1,494
Total cash flows	**11,905**	**-7,709**	**1,494**
Financial ratios			
Current ratio	171.7%	158.6%	126.9%
Equity ratio	39.7%	35.8%	27.9%
Return on equity	38.8%	62.7%	16.7%
Average number of employees	**16**	**16**	**11**

For terms and definitions, please see the accounting policies.

Management's review

Business review

The group's main activity is selling wind turbine spare parts. During the last year the group has extended the activities by joining companies, which activities are handling of different tasks/services regarding wind turbines and renting out tools for all the different tasks related to wind turbines.

Financial review

The income statement for 2020 shows a profit of DKK 8,994 thousand against a profit of DKK 8,704 thousand last year, and the group's balance sheet at 31 December 2020 shows equity of DKK 25,747 thousand.

Management considers the group's financial performance in the year as very satisfactory based on the fact that investments in new markets and new business areas are done in 2020. For further information see outlook.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end and the world wide outbreack of COVID-19 has not had any significant influence on the activities of Danwind Spare Parts ApS nor the other companies in the group.

Outlook

Management sees the company's financial and cash consideration in a positive light. Multiple growth opportunities and investments made through 2020 will cash in during the next years. The board is convinced that exploring new markets and investing in securing multiple business contracts with key players in the wind energy will result in significant increase in turnover as well as EBITDA.

The group's current cash position allows for steady increase in growth and ensures timely payment of all due positions. The board is reviewing strategic options for increased debt financing to increase the growth rate and ensure all strategic business opportunities are securely financed.

The group will continue to grow steadily, with an estimated increase in turnover of more then 15%in 2021. To mitigate the risks related to market volatility caused by COVID-19 pandemic, the group will increase the stock of high rolling parts, preventing shortages that are likely to hit the global market.

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

Income statement

		Group		Parent company	
Note	**DKK'000**	**2020**	**2019**	**2020**	**2019**
	Gross profit	22,258	20,251	16,553	15,947
2	Staff costs	-9,088	-7,196	-7,544	-5,974
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-875	-835	-416	-279
	Other operating expenses	-15	-68	0	0
	Profit before net financials	12,280	12,152	8,593	9,694
	Income from investments in group enterprises	0	0	2,075	1,549
	Income from investments in associates	-155	-589	0	0
	Income from investments in joint ventures	0	0	-474	-450
3	Financial income	125	419	72	151
4	Financial expenses	-1,007	-526	-538	-509
	Profit before tax	11,243	11,456	9,728	10,435
5	Tax for the year	-2,249	-2,752	-1,811	-2,095
	Profit for the year	8,994	8,704	7,917	8,340
	Specification of the Group's results of operations:				
	Shareholders in Danwind Spare Parts ApS	7,917	8,340		
	Non-controlling interests	1,077	364		
		8,994	8,704		

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

Balance sheet

Note	DKK'000	Group 2020	Group 2019	Parent company 2020	Parent company 2019
	ASSETS				
	Non-current assets				
6	**Intangible assets**				
	Acquired intangible assets	17	20	0	0
	Goodwill	692	0	0	0
		709	20	0	0
7	**Property, plant and equipment**				
	Land and buildings	3,709	3,622	3,709	3,622
	Fixtures and fittings, other plant and equipment	4,164	2,507	568	453
		7,873	6,129	4,277	4,075
8	**Financial assets**				
	Investments in group enterprises	0	0	5,599	3,852
	Investments in associates	0	0	0	0
	Investments in joint ventures	0	0	0	323
10	Deferred tax assets	0	155	0	0
		0	155	5,599	4,175
	Total non-current assets	8,582	6,304	9,876	8,250
	Current assets				
	Inventories				
	Finished goods and goods for resale	14,030	11,778	12,416	8,026
	Prepayments for goods	1,450	2,168	999	763
		15,480	13,946	13,415	8,789
	Receivables				
	Trade receivables	18,492	22,329	10,728	16,599
	Receivables from group enterprises	0	0	3,607	8,158
	Receivables from associates	0	112	0	0
	Receivables from joint ventures	0	247	0	486
	Corporation tax receivable	0	220	0	0
	Joint taxation contribution receivable	0	0	255	492
	Other receivables	2,631	1,908	2,243	1,739
	Prepayments	165	260	158	214
		21,288	25,076	16,991	27,688
	Cash	13,518	3,419	10,624	1,098
	Total current assets	50,286	42,441	41,030	37,575
	TOTAL ASSETS	58,868	48,745	50,906	45,825

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

Balance sheet

Note	DKK'000	Group 2020	Group 2019	Parent company 2020	Parent company 2019
	EQUITY AND LIABILITIES				
	Equity				
	Share capital	125	125	125	125
	Net revaluation reserve according to the equity method	0	0	2,996	3,491
	Translation reserve	37	0	0	0
	Retained earnings	20,698	13,843	17,739	11,852
	Dividend proposed	2,500	3,500	2,500	2,000
	Shareholders in Danwind Spare Parts ApS' share of equity	23,360	17,468	23,360	17,468
	Non-controlling interests	2,387	1,465	0	0
	Total equity	25,747	18,933	23,360	17,468
	Provisions				
	Liabilities				
9	**Non-current liabilities**				
10	Deferred tax	216	81	56	101
	Provision, investments in Joint ventures	0	2	0	610
	Mortgage debt	991	1,043	991	1,043
	Bank debt	2,219	1,764	331	379
	Other payables	413	157	408	157
	Total non-current liabilities	3,839	3,047	1,786	2,290
	Current liabilities				
	Mortgage debt	51	51	51	51
	Bank debt	7,876	9,181	5,333	7,705
	Prepayments received from customers	23	598	0	0
	Trade payables	17,938	13,099	17,294	11,346
	Payables to group enterprises	0	0	382	4,264
	Payables to associates	0	29	0	0
	Corporation tax payable	1,868	2,324	1,747	2,131
	Payables to shareholders and management	378	384	2	7
	Other payables	1,148	1,099	951	563
	Total current liabilities	29,282	26,765	25,760	26,067
		33,121	29,812	27,546	28,357
	TOTAL EQUITY AND LIABILITIES	58,868	48,745	50,906	45,825

1 Accounting policies
11 Contractual obligations and contingencies, etc.
12 Collateral
13 Related parties
14 Appropriation of profit

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

Statement of changes in equity

		Group						
Note	**DKK'000**	**Share capital**	**Translation reserve**	**Retained earnings**	**Dividend proposed**	**Total**	**Non-controlling interests**	**Total equity**
	Equity at 1 January 2019	125	0	6,003	3,000	9,128	45	9,173
	Additions on merger/corporate acquisition	0	0	0	0	0	1,056	1,056
	Transfer through appropriation of profit	0	0	4,840	3,500	8,340	364	8,704
	Other value adjustments of equity	0	0	3,000	-3,000	0	0	0
	Equity at 1 January 2020	125	0	13,843	3,500	17,468	1,465	18,933
	Additions on merger/corporate acquisition	0	0	0	0	0	-94	-94
	Transfer through appropriation of profit	0	0	5,417	2,500	7,917	1,077	8,994
	Adjustment of investments through forreign exchange adjustments	0	37	0	0	37	0	37
	Other value adjustments of equity	0	0	1,438	-1,500	-62	-61	-123
	Dividend distributed	0	0	0	-2,000	-2,000	0	-2,000
	Equity at 31 December 2020	125	37	20,698	2,500	23,360	2,387	25,747

		Parent company				
Note	**DKK'000**	**Share capital**	**Net revaluation reserve according to the equity method**	**Retained earnings**	**Dividend proposed**	**Total**
	Equity at 1 January 2019	125	4,773	4,230	0	9,128
14	Transfer, see "Appropriation of profit"	0	-1,282	7,622	2,000	8,340
	Equity at 1 January 2020	125	3,491	11,852	2,000	17,468
14	Transfer, see "Appropriation of profit"	0	-470	5,887	2,500	7,917
	Adjustment of investments through forreign exchange adjustments	0	37	0	0	37
	Other value adjustments of equity	0	-62	0	0	-62
	Dividend distributed	0	0	0	-2,000	-2,000
	Equity at 31 December 2020	125	2,996	17,739	2,500	23,360

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

Cash flow statement

		Group	
Note	**DKK'000**	**2020**	**2019**
	Profit for the year	8,994	8,704
15	Adjustments	3,964	4,111
	Cash generated from operations (operating activities)	12,958	12,815
16	Changes in working capital	7,069	-16,767
	Cash generated from operations (operating activities)	20,027	-3,952
	Interest received, etc.	94	395
	Interest paid, etc.	-819	-495
	Income taxes paid	-2,552	-505
	Cash flows from operating activities	16,750	-4,557
	Additions of intangible assets	-720	-25
	Additions of property, plant and equipment	-928	-4,847
	Effect of acquisition of companies	-2,090	0
	Cash flows to investing activities	-3,738	-4,872
	Dividends distributed	-2,000	0
	Proceeds of long-term liabilities	1,397	1,838
	Repayments, long-term liabilities	-504	-118
	Cash flows from financing activities	-1,107	1,720
	Net cash flow	11,905	-7,709
	Cash and cash equivalents at 1 January	-5,309	2,400
17	**Cash and cash equivalents at 31 December**	6,596	-5,309

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

Notes to the financial statements

1 Accounting policies

The annual report of Danwind Spare Parts ApS for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

Effective from the financial year 2020, the Company has implemented amending act no. 1716 of 27 December 2018 to the Danish Financial Statements Act. The implementation of the amending act has not affected the Company's accounting policies on recognition and measurement of assets and liabilities but has solely entailed a requirement for further disclosures. 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'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

The existence of potential voting rights which may currently be exercised or converted into additional voting rights is considered when assessing if an entity can become empowered to direct another entity's financial and operating decisions.

Joint arrangements

Joint arrangements are activities or entities of which the group and one or more other parties have joint control based on cooperation agreements. Joint control implies that decisions on relevant activities require unanimous consent among the parties jointly controlling the arrangement.

Jointly controlled arrangements are classified either as joint operations or joint ventures. Joint operations are activities where the participants have direct rights over assets and are subject to direct liability, whereas joint ventures are activities where the participants solely have rights over the net assets.

The Management commentary includes a group chart.

Preparation of 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.

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

Notes to the financial statements

1 Accounting policies (continued)

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 recognised.

External business combinations

Recently acquired entities are recognised in the consolidated financial statements from the date of acquisition. Entities sold or otherwise disposed of are recognised up to the date of disposal. Comparative figures are not restated to reflect newly acquired entities. Discontinued operations are presented separately, see below.

The date of acquisition is the date when the group actually obtains control of the acquiree.

The acquisition method is applied to the acquisition of new entities of which the group obtains control. The acquirees' identifiable assets, liabilities and contingent liabilities are measured at fair value at the date of acquisition. Identifiable intangible assets are recognised if they are separable or arise from a contractual right. Deferred tax related to the revaluations is recognised.

Positive differences (goodwill) between, on the one hand, the consideration for the acquiree, the value of non-controlling interests in the acquired entity and the fair value of any previously acquired equity investments and, on the other hand, the fair value of the assets, liabilities and contingent liabilities acquired are recognised as goodwill under "Intangible assets". Goodwill is amortised on a straight-line basis in the income statement based on an individual assessment of the economic life of the asset.

Negative differences (negative goodwill) are recognised in the income statement at the date of acquisition.

Upon acquisition, goodwill is allocated to the cash-generating units, which subsequently form the basis for impairment testing. Goodwill and fair value adjustments in connection with the acquisition of a foreign entity with a functional currency different from the presentation currency used in the consolidated financial statements are accounted for as assets and liabilities belonging to the foreign entity and are, on initial recognition, translated into the foreign entity's functional currency using the exchange rate at the transaction date.

The consideration paid for an entity consists of the fair value of the agreed consideration in the form of assets transferred, liabilities assumed and equity instruments issued. If part of the consideration is contingent on future events or compliance with agreed terms, such part of the consideration is recognised at fair value at the date of acquisition. Subsequent adjustments of contingent considerations are recognised in the income statement.

Expenses incurred to acquire entities are recognised in the income statement in the year in which they are incurred.

Where, at the date of acquisition, the identification or measurement of acquired assets, liabilities or contingent liabilities or the determination of the consideration is associated with uncertainty, initial recognition will take place on the basis of provisional amounts. If it turns out subsequently that the identification or measurement of the consideration transferred, acquired assets, liabilities or contingent liabilities was incorrect on initial recognition, the statement will be adjusted retrospectively, including goodwill, until 12 months after the acquisition, and comparative figures will be restated. Hereafter, any adjustments are recognised as misstatements.

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

Notes to the financial statements

1 **Accounting policies (continued)**

Gains or losses from disposal of subsidiaries which result in loss of control are calculated as the difference between, on the one hand, the fair value of the selling price less selling expenses and, on the other hand, the carrying amount of net assets.

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.

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).

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 profit

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

Other operating income and operating expenses

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

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

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

Notes to the financial statements

1 **Accounting policies (continued)**

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.

Amortisation/depreciation

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

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

Acquired intangible assets	5 years
Goodwill	5 years
Buildings	10-40 years
Fixtures and fittings, other plant and equipment	3-5 years

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.

Land is not depreciated.

Profit/loss 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.

Profit from investments in joint ventures

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 jointly controlled entities are presented a separate line item in the income statement. Only proportionate elimination of intra-group gains/losses is made.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

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

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Other intangible assets include other acquired intangible rights, including software licences.

Other intangible assets are 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 Company has chosen IAS 17 as interpretation for classification and recognition of leases.

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 and associates

Equity investments in subsidiaries and associates 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 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.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Investments in joint ventures

Investments in joint ventures are consolidated on a pro rata basis in the consolidated financial statements, implying that the items are recognised in proportion to the Group's share of the joint venture's profit/loss and equity.

Equity investments in joint ventures are measured according to the equity method in the financial statements of the Parent Company.

On initial recognition, equity investments in jointly controlled entities are measured at cost. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

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 jointly controlled entities measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of non-current assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates 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).

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

Notes to the financial statements

1 Accounting policies (continued)

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.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

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.

Cash

Cash comprise cash.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

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.

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

Notes to the financial statements

1 Accounting policies (continued)

Prepayments received from customers

Prepayments received from customers comprise received payment for future sales.

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.

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, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

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
Current ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$
Equity ratio	$\frac{\text{Equity excl. non-controlling interests, year-end x 100}}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss for the year after tax ex. non-controlling interests x 100}}{\text{Average equity excl. non-controlling interests}}$

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

Notes to the financial statements

		Group		Parent company	
	DKK'000	2020	2019	2020	2019
2	**Staff costs**				
	Wages/salaries	7,356	6,501	6,145	5,539
	Pensions	1,382	510	1,305	358
	Other social security costs	350	185	94	77
		9,088	7,196	7,544	5,974
	Average number of full-time employees	16	16	12	10

Group

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to the group Management is not disclosed.

Parent company

By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.

		Group		Parent company	
	DKK'000	2020	2019	2020	2019
3	**Financial income**				
	Interest receivable, group entities	0	0	32	32
	Other financial income	125	419	40	119
		125	419	72	151
4	**Financial expenses**				
	Interest expenses, group entities	0	0	42	87
	Other financial expenses	1,007	526	496	422
		1,007	526	538	509
5	**Tax for the year**				
	Estimated tax charge for the year	1,956	2,829	1,856	1,997
	Deferred tax adjustments in the year	293	-77	-45	98
		2,249	2,752	1,811	2,095

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

Notes to the financial statements

6 Intangible assets

DKK'000	Group		
	Acquired intangible assets	Goodwill	Total
Cost at 1 January 2020	29	0	29
Forreign exchange adjustments	-1	0	-1
Additions on merger/corporate acquisition	0	692	692
Cost at 31 December 2020	28	692	720
Impairment losses and amortisation at 1 January 2020	9	0	9
Amortisation for the year	2	0	2
Impairment losses and amortisation at 31 December 2020	11	0	11
Carrying amount at 31 December 2020	17	692	709
Amortised over	5 years	5 years	

7 Property, plant and equipment

DKK'000	Group		
	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2020	3,766	3,309	7,075
Foreign exchange adjustments	0	-2	-2
Additions on merger/corporate acquisition	0	3,207	3,207
Additions	270	360	630
Cost at 31 December 2020	4,036	6,874	10,910
Impairment losses and depreciation at 1 January 2020	144	802	946
Foreign exchange adjustments	0	7	7
Additions on merger/corporate acquisition	0	1,141	1,141
Depreciation	183	760	943
Impairment losses and depreciation at 31 December 2020	327	2,710	3,037
Carrying amount at 31 December 2020	3,709	4,164	7,873
Depreciated over	10-40 years	3-5 years	

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

Notes to the financial statements

7 Property, plant and equipment (continued)

	Parent company		
DKK'000	Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2020	3,766	690	4,456
Additions	270	348	618
Cost at 31 December 2020	4,036	1,038	5,074
Revaluations at 1 January 2020	0	0	0
Revaluations at 31 December 2020	0	0	0
Impairment losses and depreciation at 1 January 2020	144	237	381
Depreciation	183	233	416
Impairment losses and depreciation at 31 December 2020	327	470	797
Carrying amount at 31 December 2020	3,709	568	4,277
Depreciated over	10-40 years	3-5 years	

8 Financial assets

	Group
DKK'000	Investments in associates
Cost at 1 January 2020	17
Disposals on demerger and sale of other enterprise	-17
Cost at 31 December 2020	0
Value adjustments at 1 January 2020	-17
Foreign exchange adjustments	40
Profit/loss for the year	-155
Reversal of prior year impairment losses	681
Reversal of impairment losses on assets disposed	-549
Value adjustments at 31 December 2020	0
Carrying amount at 31 December 2020	0

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

Notes to the financial statements

8 Investments (continued)

	Parent company		
DKK'000	Investments in group enterprises	Investments in joint ventures	Total
Cost at 1 January 2020	284	400	684
Additions	1,150	750	1,900
Disposals	-84	0	-84
Transferred	1,150	-1,150	0
Cost at 31 December 2020	2,500	0	2,500
Value adjustments at 1 January 2020	3,568	-77	3,491
Foreign exchange adjustments	-3	40	37
Dividend received	-1,500	0	-1,500
Profit/loss for the year	2,079	-474	1,605
Changes in equity	-62	0	-62
Revaluations for the year	103	0	103
Reversal of prior year revalutations	0	-618	-618
Reveral of revaluations of assets disposed	43	0	43
Transferred	-1,129	1,129	0
Value adjustments at 31 December 2020	3,099	0	3,099
Carrying amount at 31 December 2020	5,599	0	5,599

Parent company

Name	Domicile	Interest
Subsidiaries		
Danwind Spareparts US ApS	Lemvig	100.00%
Danwind Spare Parts Inc	USA	100.00%
Danwind Tools A/S	Poland	100.00%
Danwing Construction A/S	Lemvig	100.00%
- Danwind Construction Sp. z.o.o.	Poland	93.00%
Danwind Service ApS	Lemvig	50.00%
- Danwind Technology Service Co., Ltd.	China	50.00%

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

Notes to the financial statements

9 Non-current liabilities

	Group			
DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	216	0	216	0
Mortgage debt	1,042	51	991	777
Bank debt	3,173	954	2,219	0
Other payables	413	0	413	0
	4,844	1,005	3,839	777

	Parent company			
DKK'000	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Deferred tax	56	0	56	0
Mortgage debt	1,042	51	991	777
Bank debt	379	48	331	0
Other payables	408	0	408	0
	1,885	99	1,786	777

10 Deferred tax

Deferred tax relates to:

	Group		Parent company	
DKK'000	2020	2019	2020	2019
Intangible assets	218	0	0	0
Property, plant and equipment	33	98	73	118
Receivables	0	-77	0	0
Liabilities	-17	-17	-17	-17
Tax loss	-18	-78	0	0
	216	-74	56	101

Analysis of the deferred tax

	Group		Parent company	
DKK'000	2020	2019	2020	2019
Deferred tax assets	0	-155	0	0
Deferred tax liabililties	216	81	56	101
	216	-74	56	101

11 Contractual obligations and contingencies, etc.

Other financial obligations

Group

Rent liabilities include a rent obligation totalling DKK 16,457 thousand (2019: DKK 80 thousand) in interminable rent agreements with remaining contract terms of up to 11 years. Furthermore, the Group has liabilities under operating leases for cars and IT equipment, totalling DKK 447 thousand (2019: DKK 670 thousand), with remaining contract terms of up to 3 years.

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

Notes to the financial statements

Parent company

As management company, the Company is jointly taxed with other Danish group entities. The Company is jointly and severally with other jointly taxed group entities for payment of income taxes and withholding taxes.

Rent liabilities include a rent obligation totalling DKK 16,457 thousand (2019: DKK 77 thousand) in interminable rent agreements with remaining contract terms of up to 11 years. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 360 thousand (2019: DKK 588 thousand), with remaining contract terms of up to 3 years.

The Company has provided joint suretyship for Danwind Service ApS' and Danwind Spareparts US ApS' balances with Vestjysk Bank. The companies have no debt at 31 December 2020.

The Company has provided joint suretyship for Danwind Tools A/S', balances with Vestjysk Bank. At 31 December 2020 the balance is a debt of DKK 3,399 thousand. The provided suretyship is limited to DKK 2,500 thousand.

The Company has provided joint suretyship for Danwind Construction A/S', balance with Vestjysk Bank. At 31 December 2020 the balance is a debt of DKK 607 thousand. The provided suretyship is limited to DKK 2,500 thousand.

12 Collateral

Group

As security for the Group's balance with Vestjysk Bank, the Group has provided security or other collateral in its assets for a total amount of DKK 15,200 thousand. The total carrying amount of these assets is DKK 30,124 thousand. At 31 December 2020 the balance is a debt of DKK 4,006 thousand.

As security for mortgage debts, DKK 1,039 thousand, mortgage has been granted on properties representing a book value of DKK 3,708 thousand at 31 December 2020.

The Group has issued owner's mortgage at a total amount of DKK 1,300 thousand as security for the balance with Vestjysk Bank. At 31 December 2020 there is no debt. The owner's mortgage provides mortgage on the above properties.

Parent company

As security for the Company's balance with Vestjysk Bank, the Company has provided security or other collateral in its assets for a total amount of DKK 9,000 thousand. The total carrying amount of these assets is DKK 24,711 thousand. At 31 December 2020 there is no debt.

Futhermore, as security for the Company's balance with Vestjysk Bank, the Company has provided security in investments in group entities and in investments in associates. The total carrying amount of these assets is DKK 4,363 thousand.

As security for mortgage debts, DKK 1,039 thousand, mortgage has been granted on properties representing a book value of DKK 3,708 thousand at 31 December 2020.

The company has issued owner's mortgage at a total amount of DKK 1,300 thousand as security for the balance with Vestjysk Bank. At 31 December 2020 there is no debt. The owner's mortgage provides mortgage on the above properties.

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

Notes to the financial statements

13 Related parties

Group

Danwind Spare Parts ApS' related parties comprise the following:

Significant influence

Related party	Domicile	Basis for significant influence
Dan Thode Holding ApS	Lemvig	Ownership
Jacob Berg Holding ApS	Lemvig	Ownership

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

	Parent company	
DKK'000	2020	2019
14 Appropriation of profit		
Recommended appropriation of profit		
Proposed dividend recognised under equity	2,500	2,000
Net revaluation reserve according to the equity method	-470	-1,282
Retained earnings	5,887	7,622
	7,917	8,340

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

Notes to the financial statements

DKK'000	Group 2020	Group 2019
15 Adjustments		
Amortisation/depreciation and impairment losses	875	835
Income from investments in associates	155	589
Financial income	-122	-420
Financial expenses	965	526
Tax for the year	2,249	2,752
Other adjustments	-158	-171
	3,964	4,111
16 Changes in working capital		
Change in inventories	-1,534	-8,420
Change in receivables	4,439	-9,865
Change in trade and other payables	4,164	1,518
	7,069	-16,767
17 Cash and cash equivalents at year-end		
Cash according to the balance sheet	13,518	3,419
Short-term debt to banks	-7,876	-9,181
Hereof related to long-term debt	954	453
	6,596	-5,309

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Dan Thode Kjellgren
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