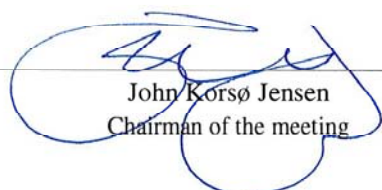


MULTI-WING GROUP A/S

Annual Report for the period
1 January – 31 December 2018
(11th financial year)

The Annual Report was presented and adopted at the Company's annual general meeting,
held on 20. May 2019



John Korsø Jensen
Chairman of the meeting

CVR-no. 31 18 48 43

COMPANY INFORMATION

The Company:	Multi-Wing Group A/S Staktoften 16 2950 Vedbæk
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Fax:	+45 45 89 31 55
Homepage:	www.multi-wing.com
E-mail:	info@multi-wing.com
CVR-no.	31 18 48 43
Date of foundation:	30 June 2008
Registered office:	Rudersdal
Financial year:	1 January – 31 December
Board of Directors:	John Korsø Jensen (chairman) Annette Bernhoft Andersen Jesper Bernhoft
Board of Executives:	Daniel Williams
Audit:	MAZARS, statsautoriseret revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø

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STATEMENT BY MANAGEMENT

The Board of Directors and Board of Executives have today presented and adopted the Annual Report of Multi-Wing Group A/S for 2018.

The Annual Report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Financial Statements gives a true and fair view of the Company's and Group's financial position at 31 December 2018 and of the results of its operations and cash flows for the financial year 1 January – 31 December 2018.

In our opinion the management report contains a fair statement of the matters under review.

The Annual Report is submitted for adoption by the general meeting.

Vedbæk, 20 May 2019

Board of Executives:



Daniel Williams

Board of directors:

John Korsø Jensen (Chairman)

Annette Bernhoft Andersen

Jesper Bernhoft

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Board of Executives:

Daniel Williams

Board of directors:



John Korsø Jensen (Chairman)



Annette Bernhoft Andersen



Jesper Bernhoft

INDEPENDENT AUDITOR'S REPORTS

To the shareholders of Multi-Wing Group A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Multi-Wing Group A/S for the financial year 1 January – 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Company's financial position at 31 December 2018 and of the results of the Group and the Parent Company's operations for the financial year 1 January - 31 December 2018 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 Parent Company Financial Statements" section of our report. 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 requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's Responsibilities for the Consolidated Financial Statements and 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 Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and Parent Company 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 these Consolidated Financial Statements and Parent Company Financial Statements. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

INDEPENDENT AUDITOR'S REPORT, continued

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company 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 Consolidated Financial Statements and Parent Company 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the Group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the Group. We alone are 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Consolidated Financial Statements and Parent Company Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and Parent Company Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Consolidated Financial Statements and Parent Company Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

INDEPENDENT AUDITOR'S REPORT, continued

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

Based on the work we have performed, we conclude, that Management's Review is in accordance with the Consolidated Financial Statements and Parent Company 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 Management's Review.

Copenhagen, 20 May 2019

MAZARS

statsautoriseret revisionspartnerselskab

CVR-no. 31 06 17 41



Kurt Christensen

statsautoriseret revisor

(State-authorised public accountant)

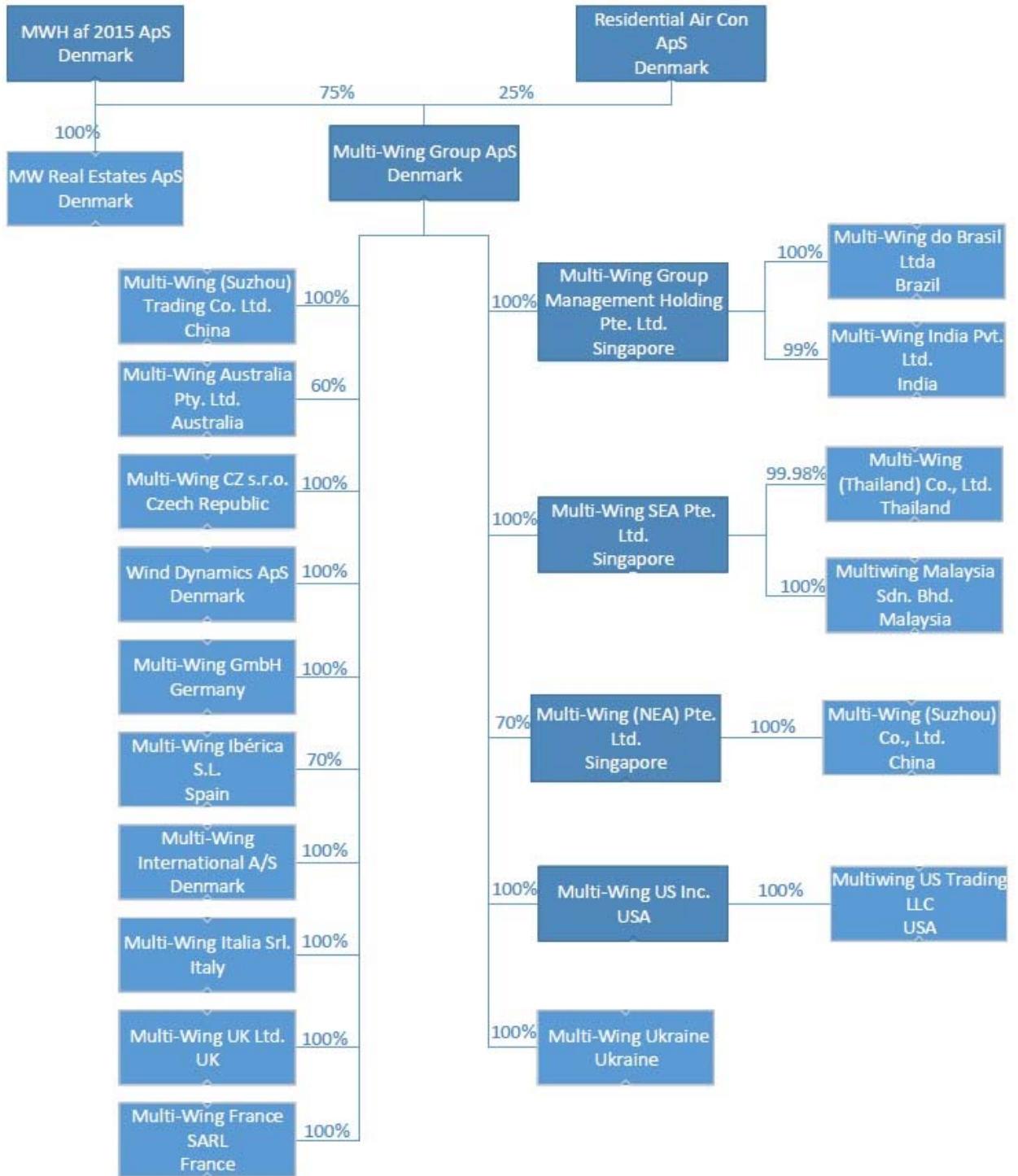
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FINANCIAL HIGHLIGHTS AND RATIO'S FOR THE GROUP

	2018	2017	2016	2015	2014
	DKK million	DKK million	DKK million	DKK million	DKK million
Income statement					
Revenue	395.3	347.7	293.1	302.2	309.1
Gross margin	183.8	169.3	132.3	129.6	130.0
Operating result	73.7	65.0	40.8	41.9	50.7
Financials, net	-2.3	-5.6	-1.0	-5.9	-7.7
Profit / loss for the year	53.3	44.3	29.9	26.5	30.9
Balance sheet					
Investment in property, plant and equipment	9.6	6.6	13.3	16.0	7.0
Total balance	294.6	258.0	240.7	246.8	257.3
Equity	170.0	148.5	137.0	127.8	118.7
Ratios in %					
Return on invested capital	46,4%	45.8%	32.2%	36.4 %	49.0 %
Return on equity	33.5%	31,0%	22,6%	21,5 %	30,3 %

For definition, see section on accounting policies.

GROUP CHART



MANAGEMENT REVIEW

Business Activities

The Multi-Wing Group develops, design, produce, markets, sells and supplies a flexible and modular variety of axial impellers utilized in engine cooling, commercial refrigeration, industrial ventilation and HVAC applications.

The activities include now axial impellers, as well as a service line for these and related replacement parts.

The year at a glance and follow-up on expectations expressed last year

The Financial Statements of the Group reflects an increase in net sales of 24 % compared to the previous year. Both profit before tax and net result for the year improved with 20 %. All markets experienced an increase in sales.

2018 is considered a very satisfying year going beyond the expectations in the budget for the year. The Group exceeded the budgeted revenue by 14 % contributed by major markets. The efficient procurement processes and strict cost control also enabled stable earnings.

Uncertainty relating to recognition and measurement

There is no uncertainty related to recognition and measurement.

Unusual matters

No unusual matters have affected the Financial Statements for 2018.

Outlook

The outlook for 2019 is that we expect that the sales of components to the mature markets will be in growth in the first half of the year, we expect especially the North American and the German market to grow.

Growth in the emerging markets India, Southeast Asia and South America are expected.

2019-figures will also be affected by the acquisition on the former US distributor (see “**Events after the balance sheet date**”), but net profit is expected to be relative unchanged compared to 2018 due to temporary increase in cost base following the acquisition.

The Group still expects positive cash flow in 2019 even after expending the costs of acquisition.

Earnings can be affected by significant increases in raw materials and fluctuations in currencies as well. Moderate risk hedging will reduce the effect of these increases. Additionally, the Group will face a moderate increase in interest rate risk as the acquisition in US is partly financed by external bank loan.

It is expected that 2019 will be a year where the Group will continue to participate in various development projects with large global customer. It is a resource consuming process but will also involve a significant opportunity for close a long-lasting corporation.

Development projects are subject to external factors like demand and supply, regulatory developments in general and specifically in US and EU and resources that cannot be predicted with any certainty such as oil pricing.

Knowledge resources

With the ambition to be market leader the Group consistently focuses on having a highly skilled workforce in order to be at the forefront of the latest technologies in its core competency areas. The Group’s main objective is to work with innovative approaches that will improve and streamline the Group’s interaction with customers.

Special risks

Price risks

The impeller components are cast in aluminium and engineered thermoplastics. Both markets are relatively volatile and are especially sensitive to increasing oil prices and, to some extent, the development of the USD exchange rate.

MANAGEMENT REVIEW, continued

Currency and interest-rate risks

Since the Group is increasingly doing business in foreign currencies, it assumes a growing currency risk. The risk is limited to the share of deals made with companies outside Europe.

The Group's interest-rate risks are limited at balance sheet date.

Research and development activities

The Group has ongoing development projects, which are derived from the expectations of future demand as well as the potential development of the technology involved.

The major part of development projects are related to the development of new types of fans with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for this type of fans.

Environmental performance

Multi-Wing Group is environmentally conscious and is working at reducing the environmental impact of the Group's activities. It is the Group's policy to use "less damaging" products.

Driven by regulators demands and expectations of the customers, the Group has a constant focus on energy optimization of the solutions. Our impellers are (among) the most efficient within our business segments which is also considered to have a positive environmental impact of the industries to which the impellers are supplied.

Business model

The Group's main activities are to develop, produce and supply components and spare parts for axial impellers utilized in engine cooling and HVAC applications.

Production is outsourced to suppliers whereas customization and assembly are carried out in regional hubs.

Companies included in the Group are operating globally, and in recent years the Group has consolidated its position on the global marketplace.

Policies

Multi-Wing Group's social responsibility policies include our environmental and climate policy and our OHS policy. Our environment and climate policy are based on environmentally and energy-efficient management and is a natural part of the Group's objectives for product quality and production conditions. Our safety and health policy aim to make continuous improvements in relation to the safety, health and overall satisfaction of employees.

Having experienced an increasing focus on climate among the majority of our customers as well as regulatory requirements for different standard setters, we are drafting a policy and action plan for the Company in relation to climate. In 2010 Multi-Wing Group introduced and implemented a Code of Conduct in key areas such as environment and climate, human rights, labour rights and anti-corruption, reflecting the Company's values.

In addition, the Company continues to assess future suppliers in relation to requirements, now set out in our Code of Conduct, so as to avoid the Group being associated with companies that do not share our values.

Activities

In the implementation of the environmental policy adopted by Multi-Wing Group, we have incorporated an environmental management system into the Group's main assembly facilities in the Czech Republic and China. The system is certifiable according to the ISO 14001 standard.

In relation to occupational health and safety, we systematically work with continuous improvements in all Group companies. Also, in May 2018 we carried out an employee satisfaction survey. 82 % of our employees responded to the survey with satisfaction scores generally higher than 80 %. The Management is very pleased with this and intend to repeat the survey every two years.

MANAGEMENT REVIEW, continued

Activities, continued

Planned activities related to corporate responsibility:

Area	2019	2020	2021
Environment	Development of climate policy.	Implementation of an energy audit.	Reporting on selected KPIs reflecting the Company's climate policy.
Working environment and employee satisfaction	Ongoing assessment and adaptation of policy, management system and KPIs. No significant changes are foreseen.		
UN Global Compact	Analysis of the UN Global Compact and decision to connect.	Possible connection to the UN Global Compact.	Reporting.

Significant risks related to social responsibility

No significant risks have been identified in relation to human rights. It is important that our sites remain free from all forms of discrimination, intimidation and harassment. An environment where employees can maximize their potential is only possible when each person is treated fairly and with respect. Employees are expected to comply with this principle. Multi-Wing Group is committed to enforcing this principle at all levels within the organization. In 2018 no harassment or discrimination incidents was reported.

Also, no significant risks have been identified in relation to anti-corruption. The reason for this is primarily that Multi-Wing Group is B2B oriented, why attempts at corruption are rare, and specifically the Company has not experienced such in the past several years. This, there are no risks to be identified as requiring policies in anti-corruption,

Results

Management estimates that work on the environment and working environment contributes positively to the Company's reputation and efficiency. The Company records statistics on:

- Work accident rate
- Sickness absence hours

As part of the energy audit the Group will determine measures for the environmental impacts.

Gender policy

It is Multi-Wing's policy to place the best person in a position regardless of their gender, orientation, ethnic origin, religious beliefs or other private considerations.

There is no under-representation of any gender neither on the Board of Multi-Wing Group A/S nor in the other management groups in the Group.

Events after the balance sheet date

In the beginning of 2019, the Group completed the acquisition of the former distributor in US. The acquisition is expected to have a significant positive impact on the expectations for 2019.

Change in legal form

In 2019 the Company has converted from an ApS (Anpartsselskab) to a limited Company A/S. The conversion was completed through issuances of fund shares in April 2019 and the share capital has been increased to 1,000 DKK'000.

ACCOUNTING POLICIES

The Annual Report of Multi-Wing Group A/S for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) governing reporting class C (Large size).

The accounting policies remain unchanged compared with last year.

Basis of recognition and measurement

Income is recognised in the income statement as it is earned, including adjustments to the value of financial assets and liabilities. All expenses, including depreciation, amortisation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company and the value of such assets can be reliably measured.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company and the value of the liabilities can be reliably measured.

On initial recognition assets and liabilities are measured at cost and subsequently as described for each item below. Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any instalments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report are presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company Multi-Wing Group A/S and its subsidiaries.

The Consolidated Financial Statements are prepared by combining items of a uniform nature. On consolidation intercompany revenue and expenses, intra-group balances and dividends, and any realised and unrealised gains and losses on transactions between the Consolidated Companies are eliminated.

Newly acquired or newly established companies are recognised in the Consolidated Financial Statements as from the date of acquisition. Enterprises sold are included in the consolidated income statement until the date of disposal.

Comparative figures for newly acquired or divested companies are not corrected.

On acquisition of new enterprises, the acquisition method is applied, according to which the identifiable assets and liabilities are measured at fair value at the time of acquisition.

Positive differences (goodwill) between cost and fair value of acquired identifiable assets and liabilities are recognised under intangible assets and amortised systematically on an individual assessment of the economic life not exceeding 20 years. When deciding the economic life, it is taken into consideration that the majority of the Company's products are part of long-term development projects and used in machinery and equipment with a long lifetime of the individual model, often leading to a lifetime exceeding 5 years.

Gains and losses on disposal of subsidiaries are calculated as the difference between selling price and carrying amount of net assets at the time of disposal and expected costs of sale.

Group acquisitions, where both companies are under common control are recognised in accordance with the method of "pooling of interest", where after recognised assets and liabilities are aggregated with no fair value re-valuation. The acquired companies are recognised in the financial statements and group financial statements as if the companies had been merged from the earliest period which is presented in the accounts.

ACCOUNTING POLICIES, continued

Minority interest

In the Consolidated Financial Statements, the items of subsidiaries are recognised in full. The minority interests' proportionate share of subsidiaries' profit / loss and equity is presented separately under appropriation of profit and in a main item under equity.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation adjustments

Foreign currency transactions are adjusted applying the rate of exchange applicable at the date of transaction.

Receivables, payables and other monetary items denominated in foreign currencies, which have not been settled by the balance sheet date, are translated applying the rate of exchange applicable at the balance sheet date.

Property, plant and equipment purchased in foreign currencies are translated using the exchange rate applicable at the date of transaction.

THE INCOME STATEMENT

Revenue

Revenue is recognised in the income statement, provided that the products and services have been delivered and the risk has passed to the buyer before the end of the year.

Revenue is recognised exclusive of VAT and less sales discount.

Other external costs

Other external costs include expenses related to distribution, sale, advertising, administration, premises, losses on receivables, lease payments under operating leases etc.

Other operating income / costs

Other operating income / costs comprise items of secondary nature in relation to the Company's core business.

Staff costs

Staff costs consist of wages and salaries, including holiday pay and pensions and other costs to social security to the Company's employees. There is deducted received compensation from public authority in staff costs.

Result of investments in group enterprises

In the income statement the proportionate share of the individual group enterprises result after tax are recognised.

Items under financial income and expenses

Financial income and cost are recognised in the income statement with those amounts, which concerns the financial year. Items under financial income and expenses consists of interest income and costs, financial cost with financial leasing, realised and unrealised capital gain and loss concerning transactions in foreign currency, additions and compensations under the tax prepayment scheme etc.

ACCOUNTING POLICIES, continued

THE INCOME STATEMENT, continued

Tax on result of the year

Tax of the year, which contains the actual tax of the year and the displacement in deferred tax, are recognised in the income statement with the part which can attribute to the result of the year and directly in the equity with the part which can attribute to entries directly on the equity.

The Company is jointly taxed with other Danish companies in the Multi-Wing Group. The Danish income tax is allocated between the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed companies are taxed under the advance payment tax scheme.

BALANCE SHEET

Intangible assets

Goodwill is amortised over its estimated useful life determined on the basis of management experience within the individual business areas. Goodwill is amortised over the amortisation period, not exceeding 20 years, and based on an individual judgement of the companies' market position and earning profile.

The carrying value of goodwill is assessed currently and written down to recoverable amount through the income statement if the carrying value exceeds the future net income from the enterprise or activity to which the goodwill is related.

Development costs incurred in development, patents and licenses, includes internal and external costs directly attributable to the Company's development and fulfilling criteria for recognition.

Capitalised development costs are measured at cost less accumulated depreciation and recoverable amount, whichever is lower.

Property, plant and equipment

Buildings, leasehold improvements, test stand and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation.

Straight-line depreciation is made on property, plant and equipment following estimated useful lives as follows:

	Useful life	Residual value
Development costs	5 years	0%
Buildings	16 years	0%
Leasehold improvements	3 years	0%
Other fixtures and fittings, tools and equipment	3 - 5 years	0%

Profits or losses from disposal of property, plant and equipment are stated as the difference between the selling prices less than selling costs and the carrying amount at the date of sale. Profits or losses are recognised in the income statement under depreciation.

ACCOUNTING POLICIES, continued

BALANCE SHEET, continued

Financial assets

Equity investments in group enterprises are recognised in the balance sheet to the proportionate share of the Company's equity method is made up from the Parent Company's accounting policies.

Group enterprises with a negative equity are recognised with zero kroner and any receivables with these companies are written down with the Parent Company's share of the negative equity value in that extent, it is estimated uncollectible. Provided that the negative value of equity exceeds the receivable, the remaining amount will be recognised under provisions in that extent that the Parent Company has a legal or actual obligation to cover group enterprises negative balance.

Net revaluation of equity investments in group enterprises are transferred under equity to net revaluation reserve according to the equity method in that extent, that the carrying amount exceed the acquisition cost with deduction of amortisation of goodwill.

Inventories

Inventories are measured at cost on the basis of the FIFO method. Where cost exceeds the net realisable value, inventories are written down to the lower of these two values.

Cost for merchandise and raw materials and consumables used extends cost with addition of delivery costs.

The cost of finished goods and work in progress comprises the cost of raw materials, direct labour and direct as well as indirect production costs.

Net realisable value of inventories is calculated as selling price less costs of completion, costs and expenses incurred in making the sale and are determined according to the convertible unit, obsolescence and development in expected sales.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value. Provisions for bad debts are made to meet expected losses at net realisable value.

Prepayments

Prepayments, recognised under assets or liabilities, cover costs paid respectively payments received for the ensuing years.

Short-term investments

Listed securities are recognised to market value on the balance sheet date.

Equity

The expected dividend payment for the year is shown as a separate item under equity. Dividends are recognised as a liability at the time of adoption by the General Assembly.

ACCOUNTING POLICIES, continued

BALANCE SHEET, continued

Corporation tax and deferred tax

Current tax and current tax receivable are recognised in the balance sheet as computed tax of taxable income for the financial year adjusted for tax of taxable income for previous years and paid account taxes.

Deferred tax is measured using the balance sheet liability method and all temporary difference between carrying amount and tax base of assets and liabilities.

Deferred tax is measured on the basis of the tax rules and tax rates, which are operative at the balance sheet date, if the deferred tax was expected to be released as current tax. Changes in deferred tax due to changes in the tax rate are measured in the income statement. For the present financial year, a tax rate of 22.5 % has been applied for the Danish entities in the Group.

Total payable Danish company tax for the Group is showed in the Parent Company.

Deferred tax is only accrued for the Danish entities, when the deferred tax is incumbent on the jointly taxed companies.

Financial liabilities

Other liabilities are measured at amortised cost, normally corresponding to nominal value.

Derivative financial instruments

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

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

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

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

ACCOUNTING POLICIES, continued

CASH FLOW STATEMENT

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

No cash flow statement has been prepared for the Parent Company as the Parent Company's cash flows are included in the Consolidated Cash Flow Statement.

Cash flow from operating activities

Cash flow from operating activities are calculated as the operating profit / loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flow from investing activities

Cash flow from investing activities comprises cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed assets investments.

Cash flow from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise "Cash and cash equivalents" and "Short-term investments" subtracted "Bank debt".

The cash flow statement cannot be immediately derived from the published financial records.

RATIOS

Ratios have been calculated as:

Return on invested capital	$\frac{\text{Operating profit} \times 100}{\text{Average invested capital exclusive of goodwill}}$
Return on equity	$\frac{\text{Profit / loss for the year} \times 100}{\text{Average equity}}$

**INCOME STATEMENT FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2018**

	Note	Group		Parent Company	
		2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
Revenue	1	395,261	347,704	2,066	1,888
Cost of sales		-136,558	-113,304	0	0
Other income		3,894	5,044	115	744
Other external expenses		-78,748	-70,095	-5,440	-1,454
GROSS MARGIN:		183,849	169,349	-3,259	1,178
Other costs		-159	-4,453	0	0
Staff costs	2	-96,532	-84,438	-100	-100
		87,158	80,458	-3,359	1,078
Depreciation	3	-13,500	-15,434	0	0
OPERATING RESULT:		73,658	65,024	-3,359	1,078
Result from subsidiaries after tax	4	0	0	52,133	41,617
Financial income	5	5,037	3,981	960	790
Financial expenses	6	-7,265	-9,628	-1,262	-1,459
PROFIT BEFORE TAX:		71,430	59,377	48,472	42,026
Tax on profit / loss for the year	7	-18,133	-15,107	-171	-198
PROFIT FOR THE YEAR:	8	53,297	44,270	48,301	41,828

BALANCE SHEET AT 31 DECEMBER 2018

	Note	Group		Parent Company	
		2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
ASSETS:					
Completed development projects		5,816	6,170	0	0
Development projects under development		7,742	6,198	0	0
Goodwill		23,687	25,294	0	0
Intangible assets	9	37,245	37,662	0	0
Land and property		9,240	10,059	0	0
Leasehold improvements		1,435	1,434	0	0
Other fixtures and fittings, tools and equipment		25,180	24,240	0	0
Property, plant and equipment	10	35,855	35,733	0	0
Investment in subsidiaries	4	0	0	160,471	133,327
Deposits	11	2,036	1,657	0	0
Financial fixed assets		2,036	1,657	160,471	133,327
		FIXED ASSETS:	75,136	75,052	160,471
				160,471	133,327
Inventories		55,531	45,587	0	0
Trade receivables		94,115	79,022	0	0
Receivables from group enterprises		0	0	11,883	14,654
Receivable company tax		0	416	0	0
Deferred tax asset	12	862	1,151	0	0
Other receivables		11,562	9,164	80	0
Prepayments	13	5,185	5,976	0	0
Receivables		111,724	95,729	11,963	14,654
Current asset investments		4,675	4,950	4,295	4,950
Cash and cash equivalents		47,567	36,705	7,393	2,277
		CURRENT ASSETS:	219,497	182,971	23,651
		ASSETS:	294,633	258,023	184,122
			294,633	258,023	155,208

BALANCE SHEET AT 31 DECEMBER 2018

	Note	Group		Parent Company	
		2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
LIABILITIES AND EQUITY:					
Share capital	14	125	125	125	125
Net revaluation under the equity method		0	0	60,153	43,440
Retained profit		119,967	103,002	59,814	59,562
Proposed dividend for the financial year		30,000	30,000	30,000	30,000
Minority interests		19,893	15,340	0	0
		EQUITY:	169,985	148,467	150,092
				150,092	133,127
Deferred tax	15	2,721	2,261	0	0
Provision in regard of deficiency in subsidiaries	16	0	0	0	985
		PROVISIONS:	2,721	2,261	0
				0	985
Instrument of debt	17	20,330	0	20,330	0
Long-term liabilities other than provisions		20,330	0	20,330	0
Short-term part of long-term debt	17	10,000	20,167	10,000	0
Bank debt		23,055	22,826	0	20,167
Trade creditors		30,600	29,733	3,543	791
Company tax		12,257	10,216	157	130
Other payables		25,685	24,353	0	8
Short-term liabilities other than provisions		101,597	107,295	13,700	21,096
LIABILITIES OTHER THAN PROVISIONS:		121,927	107,295	34,030	21,096
LIABILITIES AND EQUITY:		294,633	258,023	184,122	155,208
Assets charged and security	18				
Hedging instruments	19				
Contractual obligations	20				
Other contingent liabilities	21				
Related parties	22				
Fee to auditors appointed at the general meeting	23				

STATEMENT OF CHANGES IN EQUITY FOR 2018

	Group		Parent Company	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
EQUITY:				
Balance at 1 January	125	125	125	125
Share capital	125	125	125	125
Balance at 1 January	0	0	43,440	39,104
Retained earnings	0	0	52,133	41,617
Dividend for the year	0	0	-34,084	-35,782
Exchange rate adjustments, subsidiaries	0	0	-1,336	-1,499
Net revaluation under the equity method	0	0	60,153	43,440
Balance at 1 January	103,002	92,558	59,562	53,454
Retained earnings	18,301	11,826	-33,832	-29,789
Dividend for the year	0	0	34,084	35,782
Exchange rate adjustment, subsidiaries	-1,336	-1,497	0	0
Adjustment, financial instruments	0	115	0	115
Retained profit	119,967	103,002	59,814	59,562
Balance at 1 January	30,000	25,000	30,000	25,000
Dividend paid	-30,000	-25,000	-30,000	-25,000
Dividends proposed for the year	30,000	30,000	30,000	30,000
Dividends	30,000	30,000	30,000	30,000
Balance at 1 January	15,340	19,339	0	0
Share of profit for the year	4,994	2,444	0	0
Share of dividend paid	-575	-5,442	0	0
Exchange rate adjustment	134	-1,001	0	0
Minority interests	19,893	15,340	0	0
EQUITY AT 31 DECEMBER:	169,985	148,467	150,092	133,127

CASH FLOW STATEMENT

	<u>Note</u>	<u>2018</u>	<u>2017</u>
		DKK'000	DKK'000
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		73,658	65,024
Depreciation for the year		13,496	15,682
Adjustments		-1,077	-2,300
Tax		-14,928	-11,529
Change in working capital	24	-24,445	-10,916
CASH FLOW FROM OPERATING ACTIVITIES:		<u>46,704</u>	<u>55,961</u>
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		-3,802	-3,842
Purchase of property, plant and equipment		-9,597	-6,454
Addition, financial assets		-379	-90
Sale of property, plant and equipment		72	617
Sale of current asset investments		276	0
Purchase of current asset investments		0	-4,950
CASH FLOW FROM INVESTING ACTIVITIES:		<u>-13,430</u>	<u>-14,719</u>
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of debt instrument		-20,168	-15,050
New long-term loans		30,000	0
Interest receivable		5,037	3,981
Interest payable		-6,935	-9,627
Minority interest, share of dividend		-575	-5,442
Dividend paid		-30,000	-25,000
CASH FLOW FROM FINANCING ACTIVITIES:		<u>-22,641</u>	<u>-51,138</u>
Changes in cash and cash equivalents		10,633	-9,896
Cash and cash equivalents 1 January		<u>13,879</u>	<u>23,775</u>
CASH AND CASH EQUIVALENTS, END OF YEAR:	25	<u><u>24,512</u></u>	<u><u>13,879</u></u>

NOTES TO THE FINANCIAL STATEMENTS

Note

1 INFORMATION ON SEGMENTS

With reference to the Danish Financial Statements act (*Årsregnskabsloven*) § 96 section 1 the Company has excluded the information on segments as the market only includes a limited number of competitors and disclosing the information could be harmful to the Company's business.

	Group		Parent Company	
	2018	2017	2018	2017
2 STAFF COSTS:	DKK'000	DKK'000	DKK'000	DKK'000
Wages and salaries	81,111	74,476	100	100
Pension	8,015	4,520	0	0
Social security costs	6,872	6,115	0	0
Other staff costs	3,226	1,887	0	0
	99,224	86,998	100	100
Transferred to development projects	-2,692	-2,560	0	0
	<u>96,532</u>	<u>84,438</u>	<u>100</u>	<u>100</u>
Average number of employees	<u>258</u>	<u>240</u>	<u>0</u>	<u>0</u>

With reference to the Danish Financial Statements Act. (*Årsregnskabsloven*) § 98 B, section 3 the Company has excluded information regarding Management's salary.

	Group	
	2018	2017
	DKK'000	DKK'000
Salaries and wages to the executive and advisory board	<u>1,230</u>	<u>630</u>

NOTES TO THE FINANCIAL STATEMENTS, continued

Note	Group		Parent Company	
	2018	2017	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000
3 DEPRECIATION:				
Completed development projects	2,281	4,410	0	0
Goodwill	1,944	1,942	0	0
Property	942	916	0	0
Leasehold improvements	451	437	0	0
Other fixtures and fittings, tools and equipment	7,882	7,729	0	0
	13,500	15,434	0	0
4 INVESTMENTS IN SUBSIDIARIES:			Parent company	
			2018	2017
			DKK'000	DKK'000
Cost at 1 January			101,183	101,074
Additions			11,415	109
Cost at 31 December			112,598	101,183
Impairment at 1 January			32,144	27,256
Dividends paid			-34,084	-35,783
Profit for the year			55,517	41,015
Depreciation for the year, goodwill			-1,944	-1,942
Exchange rate adjustment			-1,335	-1,499
Adjustment, internal profit on inventories			-1,440	2,544
Adjustment, deficiency in subsidiaries			-985	553
Other revaluation			0	0
Impairment at 31 December			47,873	32,144
		CARRYING AMOUNT 31.12.2018:	160,471	133,327
Goodwill included			23,687	25,294

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

4 INVESTMENT IN SUBSIDIARIES, continued:

The company has the following subsidiaries

Company name and legal form	Registered office	Ownership	Share capital	
Multi-Wing International A/S	Rudersdal Denmark	100 %	TDKK	500
Multi-Wing Australia Pty., Ltd.	Australia	60 %	TAUD	150
Multi-Wing France, SARL	France	100 %	TEUR	100
Multi-Wing (Suzhou) Co. Ltd.	China	70 %	TCNY	1.738
Multi-Wing Ibérica S.L.	Spain	70 %	TEUR	27
Multi-Wing GmbH	Germany	100 %	TEUR	25
Multi-Wing CZ s.r.o.	Czech Republic	100 %	TCZK	200
Wind Dynamic ApS	Rudersdal Denmark	100 %	TDKK	125
Multi-Wing Italia Srl.	Italy	100 %	TEUR	100
Multi-Wing Suzhou Trading Co. Ltd.	China	100 %	TCNY	2.040
Multi-Wing SEA Pte. Ltd.	Singapore	100 %	TSGD	1,194
Multi-Wing NEA Pte. Ltd.	Singapore	70%	SGD	100
Multi-Wing Group Management Holding Pte. Ltd.	Singapore	100%	TSGD	1,146
Multi-Wing India Pvt. Ltd. .	India	100%	TINR	4,000
Multi-Wing do Brazil Lta. .	Brazil	100%	TBRL	3,984
Multi-Wing US Inc.	USA	100%	USD	30
Multi-Wing UK Limited.	UK	100%	TGBP	26
Multi-Wing Malaysia sdn. Bhd	Malaysia	100%	TMYR	500
Multi-Wing Thailand Co.Ltd	Thailand	100%	TBaht	1,000
Multi-Wing UA LLC	Ukraine	100%	TUAH	161

NOTES TO THE FINANCIAL STATEMENTS, continued

Note	Group		Parent Company	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
5 FINANCIAL INCOME:				
Interest receivables from group enterprises	0	0	426	669
Exchange rate gains	4,703	3,734	277	5
Other financial income	334	247	257	116
	<u>5,037</u>	<u>3,981</u>	<u>960</u>	<u>790</u>
6 FINANCIAL EXPENSES:				
Interest payables to group enterprises	0	0	0	0
Exchange rate loss	5,351	7,117	64	428
Other financial expenses	1,914	2,511	1,198	1,031
	<u>7,265</u>	<u>9,628</u>	<u>1,262</u>	<u>1,459</u>
7 TAX ON PROFIT / LOSS FOR THE YEAR:				
Current tax for the year	-17,411	-15,599	-171	-97
Adjustment of tax from previous year	0	-101	0	-101
Deferred tax adjustment	-722	593	0	0
	<u>-18,133</u>	<u>-15,107</u>	<u>-171</u>	<u>-198</u>
8 PROPOSED APPROPRIATION OF PROFIT / LOSS:				
Net revaluation under the equity method	0	0	52,133	41,617
Proposed dividend for the year	30,000	30,000	30,000	30,000
Retained profit / loss	18,301	11,826	-33,832	-29,789
Minority interest of share of earnings	4,994	2,444	0	0
	<u>53,297</u>	<u>44,270</u>	<u>48,301</u>	<u>41,828</u>

NOTES TO THE FINANCIAL STATEMENTS, continued

Note	Group		
	Development projects		
	Completed	Under construction	Goodwill
9 INTANGIBLE ASSETS (DKK'000):			
Cost at 1 January	31,098	6,198	37,194
Currency adjustment	-42	77	0
Additions	495	2,971	337
Disposals	0	-35	0
Transferred to completed development projects	1,469	-1,469	0
Cost at 31 December	33,020	7,742	37,531
Depreciation and amortisation at 1 January	-24,928	0	-11,900
Exchange rate adjustment	5	0	0
Depreciation and amortisation during the year	-2,281	0	-1,944
Depreciation at 31 December	-27,204	0	-13,844
CARRYING AMOUNT AT 31 DECEMBER:	5,816	7,742	23,687

The major part Group's development projects are related to the development of new types of axial impellers with a particular focus on noise reduction and energy optimization. The projects are proceeding as planned and expected to be completed within 1 to 5 years. The increased demands for environmental impact in both the US and the EU mean that there is increased focus and demand for these types of axial impellers.

In addition, development costs for implementing a new ERP system are also recognized in the balance sheet. The development has progressed as planned, and the rollout is almost completed in all of the group companies in 2018. A more efficient and timely financial reporting is expected as a result of the implementation.

10	PROPERTY, PLANT AND EQUIPMENT (DKK'000):	Group		
		Land and property	Other fixtures and fittings, tools and equipment	Leasehold Improvements
	Cost at 1 January	16,393	79,306	2,328
	Currency adjustment	-108	-348	-7
	Additions	186	8,957	453
	Disposals	0	-636	0
	Cost at 31 December	16,471	87,279	2,774
	Depreciation and amortization at 1 January	-6,334	-55,057	-894
	Exchange rate adjustment	45	241	6
	Depreciation and amortization during the year	-942	-7,882	-451
	Reversal of disposals on depreciation	0	599	0
	Depreciation at 31 December	-7,231	-62,099	-1,339
	CARRYING AMOUNT AT 31 DECEMBER:	9,240	25,180	1,435

NOTES TO THE FINANCIAL STATEMENTS, continued

Note	2018 DKK'000	2017 DKK'000
11 DEPOSIT:		
Cost at 1 January	1,657	1,567
Additions	379	90
CARRYING AMOUNT AT 31 DECEMBER:	2,036	1,657

12 DEFERRED TAX ASSETS:

In 2018, Australia, CZ, Wind Dynamic and UK reported deferred tax assets. These deferred tax assets arise mainly due to a higher net tax value of fixed assets than the net book value, and the provision for bad debts and employee benefits that are recognised in the accounting books in 2018 but are only allowed for tax purposes in the later reporting periods when payment is made or when the liability becomes certain.

13 PREPAYMENTS:

Activated accrued costs include prepaid expenses concerning insurance, licenses, subscriptions, leasing and interest.

	Group / Parent company	
	2018 DKK'000	2017 DKK'000
14 EQUITY:		
The share capital is as follows:		
Shares, 125 pieces of DKK 1,000	125	125
SHARE CAPITAL AT 31 DECEMBER:	125	125

	Group		Parent Company	
	2018 DKK'000	2017 DKK'000	2018 DKK'000	2017 DKK'000
15 PROVISION FOR DEFERRED TAX:				
Provision for deferred tax at 1 January 2018	2,261	2,597	0	0
Provision in year	460	-336	0	0
	2,721	2,261	0	0

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

16 PROVISION IN REGARD OF DEFICIENCY IN SUBSIDIARIES

The provision covers group enterprises with negative equity where the Parent Company has a legal or an actual obligation to cover the negative balance.

17 LONG-TERM LIABILITIES OTHER THAN PROVISIONS:

Of the long-term debt of the Parent as well as the Group's the entire debt is due more than 5 years after the balance sheet date.

	Debt at 1 January 2018	Debt at 31 December 2018	Instalment next year	Debt outstanding after 5 years
Instrument of debt	20,167	30,330	10,000	0

18 ASSETS CHARGED AND SECURITY:

As security for debt, Multi-Wing Group A/S has pledged investments in subsidiaries with a total booked value representing 160,471 DKK'000.

As security for credit institute engagement pledges are given in group entities operating equipment, stocks, and receivables amounting to 10,000 DKK'000.

In provision of security for credit institute engagement, group entities have pledged fixed assets in the form of tools and equipment with a total value of 17,994 DKK'000 and carrying value of 13,710 DKK'000.

Multi-Wing Group A/S and certain subsidiaries have provided joint and several liabilities guarantee for Multi-Wing International A/S.

19 HEDGING INSTRUMENTS:

The Parent Company as decided to hedge against expected interest risk on the major part of loans.

DKK'000	Period	Contractual value		Gains and losses recorded under equity	
		2018	2017	2018	2017
Interest swap	< 1 year	0	20,000	0	-167
Interest swap	> 1 year	0	0	0	0

20 CONTRACTUAL OBLIGATIONS:

The Group has signed the following lease obligations:

The Group has signed leases with a maturity of up to 120 months. The lease-obligation amounts to 15,774 DKK'000 exclusive of VAT.

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

21 OTHER CONTINGENT LIABILITIES:

The Parent Company, Multi-Wing Group A/S, has issued a letter of support towards Multi-Wing SEA Pte. Ltd. and Multi-Wing GMH Pte. Ltd. and will provide the necessary financing and funds for the companies, in order to support the continuous operations as a Going Concern.

The Company is jointly taxed with other Danish companies. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in MWH af 2015 ApS' Annual Report, CVR-no. 36 96 68 90, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable in relation to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

The company is jointly registered for VAT with Multi-Wing International A/S and Wind Dynamic ApS. These companies are jointly and severally liable to VAT under this registration.

22 RELATED PARTIES:

Multi-Wing Group A/S' related parties include as follows:

Controlling influence:

MWH af 2015 ApS

Basis:

Parent

Other related parties:

Jesper Bernhoft

Annette Bernhoft Andersen

John Korsø Jensen

Subsidiaries etc.

Basis:

Member of Board of Directors

Member of Board of Director

Member of Board of Director

Reference is made to the Group Overview in the section "Management Review" and note 4 respectively.

Transactions with related parties:

There have been no transactions with related parties besides transactions between Group Companies in regard of ordinary intercompany trade. All transactions are considered to be completed on an arms-length basis, and in accordance with section 97c of the Danish Financial Statements Act, no information on transactions is given.

	Group	
	2018	2017
	DKK'000	DKK'000
23 FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING:		
Audit fee	432	655
Other assurance engagements	0	0
Tax advisory services	125	44
Non-audit services	444	572
	<u>1,001</u>	<u>1,271</u>

NOTES TO THE FINANCIAL STATEMENTS, continued

Note

		Group
		2018
		DKK'000
24	CHANGE IN WORKING CAPITAL:	
	Change in inventories	-9,944
	Change in trade receivables	-15,093
	Change in other receivables	-2,398
	Change in prepayments	791
	Change in trade creditors	867
	Change in other payables	1,332
	CARRYING AMOUNT AT 31 DECEMBER:	-24,445

		Group
		2018
		DKK'000
25	CASH AND CASH EQUIVALENTS AT YEAR-END:	
	Cash and cash equivalents, year-end	47,567
	Bank debt, year-end	-23,055
	CARRYING AMOUNT AT 31 DECEMBER:	24,512