FairWind A/S

Lysholt Allé 6, 7100 Vejle

CVR no. 31 42 92 93

Annual report 2020

Approved at the Company's annual general meeting on 11 May 2021

Chair of the meeting:

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Kim Woetmann

Penneo document key: 2MEBN-7V6JY-E5CMJ-80HK7-KTNPF-01QCM

Building a better working world

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of FairWind A/S for the financial year 1 January - 31 December 2020.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

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

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

Vejle, 11 May 2021
Executive Board:

John Jørgen Funch

Board of Directors:

Hans Steffen Steffensen Chair	Thomas Bechmann	Maciej Suchy
Hans Christian Gabelgaard		

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Independent auditor's report

To the shareholders of FairWind A/S

Opinion

We have audited the financial statements of FairWind A/S 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. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.

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Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Odense, 11 May 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Søren Smedegaard Hvid State Authorised Public Accountant mne31450	Morten Østergaard Koch State Authorised Public Accountant mne35420

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Management's review

Company details

Name	FairWind A/S
Address, Postal code, City	Lysholt Allé 6, 7100 Vejle
CVR no.	31 42 92 93
Established	16 May 2008
Registered office	Vejle
Financial year	1 January - 31 December
Website	www.fairwind.com
Telephone	+45 75 11 76 20
Board of Directors	Hans Steffen Steffensen, Chair Thomas Bechmann Maciej Suchy Hans Christian Gabelgaard
Executive Board	John Jørgen Funch
Auditors	EY Godkendt Revisionspartnerselskab Englandsgade 25, P.O. Box 200, 5100 Odense C, Denmark
Bankers	Jyske Bank A/S Enghavevej 32, 7100 Vejle

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Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Revenue	499,167	468,281	290,702	337,245	240,748
Gross profit	46,896	17,276	57,339	53,506	31,252
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	14,827	-33,922	15,273	14,805	8,913
Operating profit/loss	-549	-49,149	3,419	5,651	1,076
Net financials	-20,975	-2,691	-7,340	-5,458	-2,216
Profit before tax	7,894	2,266	13,372	15,722	7,328
Profit for the year	**13,165**	**13,556**	**14,238**	**15,187**	**7,591**
Total assets	354,423	460,029	326,548	266,929	229,451
Equity	**92,743**	**97,073**	**80,337**	**67,955**	**55,349**
Financial ratios					
Return on assets	-0.1%	-12.5%	1.2%	2.3%	0.5%
Equity ratio	26.2%	21.1%	24.6%	25.5%	24.1%
Return on equity	13.9%	15.3%	19.2%	24.6%	14.3%
Average number of employees	**111**	**92**	**47**	**85**	**62**

For terms and definitions, please see the accounting policies.

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Management's review

Business review

FairWind A/S's principal activities are technical installation of wind turbines and other related services.

Financial review

The profit for the year amounts to DKK 13,165 thousand (2019: DKK 13,556 thousand) and total equity amounts to DKK 95,105 thousand (2019: DKK 97,073 thousand), which is close in line with the expectations set forth in the annual report 2019.

While the FairWind A/S Management considers the development in turnover and activity for the year as very satisfying, the profit level for 2020 is considered not satisfactory.

Similar to most industries, also the Wind industry in general and FairWind A/S was impacted by the global Covid-19 pandemic. During 2020, FairWind A/S was faced with extraordinary project costs related to travel prices as well as additional accommodation and salary costs during quarantine at mobilization and rotations.

Also, the pandemic has impacted FairWind A/S through derived administration costs. This associated with Covid-19 testing, legal consultancy and hiring of additional staff to monitor and mitigate our ability to run the business under the enforced restrictions by Governments.

In particular, FairWind A/S was impacted by the pandemic in the North American part of the business. FairWind was awarded a project in Texas for execution during Q2-Q3 2020. The project was planned to be executed by a combination of local technicians and highly skilled and competent European staff. Subsequent to a minor project postponement, the US borders closed due to Covid-19 and the FairWind global Work force & Site Management were not able to enter the country. As a result, FairWind A/S had to carry out several weeks of project work with an unexperienced team, significantly increasing installation time and costs. When FairWind's experienced Site Management was deployed at the latter part of the project, the installation time was more than halved, but too late to avoid loss on the project.

Financial risks and use of financial instruments

General risks

FairWind A/S is not exposed to specific risks which are not common for the type of business activities performed by the group except for currency risks mentioned below. However, it is worth calling out that also in 2021 FairWind A/S expects impact on profit from Covid-19 since several of the frame agreements with customers have been signed prior to the pandemic and is still the once we perform our work and activities under.

Currency risks

FairWind A/S has activities in a variety of countries around the world. Some countries have volatile currencies, which expose the group to currency risks due to increase or decrease in local currencies compared to DKK. During 2020 the currency development has resulted in significant currency losses on intercompany accounts.

Research and development activities

FairWind A/S has no significant research and development activities.

Statutory CSR report

As part of FairWind Holding ApS, FairWind A/S is subject to the Group's approach to CSR. Hence the Group policies, responsibilities, facts and performance related to safety, environment, climate, human rights, social and employee conditions and anticorruption are available in the statutory report 2020 for FairWind Holding ApS.

Account of the gender composition of Management

The target & result

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Management's review

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

FairWind has a target of having 15 %of board members in FairWind being women before 2021. In 2020, however, the board has not yet found a suitable woman willing to join the board.

Also, FairWind has a target of an year-on-year increased percentage of managers and middle managers being female. As per 31/12-2020 status is that FairWind has increased this number to 23 female managers or middle managers equivalent to 27%of the total group. This percentage is slightly up comparing to 2019 and hence the positive trend for the last years continues.

Achieving the target & future ambitions

In FairWind the Board of Directors consists of a Chairman and three members, of which none are currently female. It is the ambition for FairWind in 2021 to search for competent female candidates to join the Board.

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

Events after the balance sheet date

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

Outlook

Management expects the group to continue the positive development and expects the profit level for 2021 to improve compared to that of 2020.

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Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2020	2019
3	**Revenue**	499,167	468,281
4,5	Production costs	-452,271	-451,005
	Gross profit	46,896	17,276
4	Distribution costs	-4,067	-4,389
4	Administrative expenses	-43,378	-62,037
	Operating profit/loss	-549	-49,150
	Other operating income	0	306
	Profit/loss before net financials	-549	-48,844
	Income from investments in group entities	29,418	53,801
6	Financial income	343	1,483
7	Financial expenses	-21,318	-4,174
	Profit before tax	7,894	2,266
8	Tax for the year	5,271	11,290
	Profit for the year	13,165	13,556

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Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2020	2019
	ASSETS		
	Fixed assets		
9	**Property, plant and equipment**		
	Other fixtures and fittings, tools and equipment	16,521	22,833
		16,521	22,833
10	**Investments**		
	Investments in group entities	125,864	125,163
	Deposits, investments	237	216
		126,101	125,379
	Total fixed assets	142,622	148,212
	Non-fixed assets		
	Inventories		
	Finished goods and goods for resale	1,071	1,331
		1,071	1,331
	Receivables		
	Trade receivables	49,092	109,501
11	Work in progress for third parties	26,136	92,249
	Receivables from group entities	98,743	74,447
13	Deferred tax assets	12,957	9,617
	Income taxes receivable	345	0
	Other receivables	4,494	9,819
	Prepayments	12,185	9,266
		203,952	304,899
	Cash	6,778	5,587
	Total non-fixed assets	211,801	311,817
	TOTAL ASSETS	354,423	460,029

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Balance sheet

Note	DKK'000	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	785	785
	Net revaluation reserve according to the equity method	89,564	88,950
	Retained earnings	2,394	7,338
	Total equity	92,743	97,073
	Liabilities other than provisions		
14	**Non-current liabilities other than provisions**		
	Bank debt	5,200	7,800
15	Subordinate loan capital	9,832	9,438
		15,032	17,238
	Current liabilities other than provisions		
	Current portion of non-current liabilities other than provisions	2,600	2,600
	Bank debt	120,466	168,944
	Trade payables	51,944	124,056
	Payables to group entities	56,983	40,960
	Other payables	14,655	9,158
		246,648	345,718
		261,680	362,956
	TOTAL EQUITY AND LIABILITIES	354,423	460,029

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

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Statement of changes in equity

Note	DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2020	785	88,950	7,338	97,073
20	Transfer, see "Appropriation of profit"	0	18,109	-4,944	13,165
	Exchange adjustment	0	-17,495	0	-17,495
	Equity at 31 December 2020	785	89,564	2,394	92,743

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of FairWind A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to large reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

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

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are reflected in the consolidated cash flow statement for the higher-ranking parent company FairWind Holding ApS.

Reporting currency

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

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.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

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

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast 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.

Income statement

Revenue

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

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Notes to the financial statements

1 Accounting policies (continued)

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

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

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

Production costs

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

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

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs related to the distribution of goods sold in the year and to sales campaigns, etc. carried out in the year, including costs related to sales staff, advertising, exhibitions and amortisation/depreciation. Sales and marketing costs are recognised in the income statement when the Company obtains control of the sales or marketing product.

Administrative expenses

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

Other operating income

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

Depreciation

The item comprises depreciation of property, plant and equipment.

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

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

Goodwill (maximum useful life)	15 years

The period is 15 years due to strategically acquired group entities with strong markets positions and long-term earning profiles.

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

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Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies (continued)**

Fixtures and fittings, tools and equipment	2-10 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.

Profit from investments in subsidiaries

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

Financial income and expenses

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

Tax

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

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

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

Balance sheet

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.

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Leases

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

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

Investments in subsidiaries

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

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

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

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

Dividend received is deduced from the carrying amount.

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

Impairment of fixed assets

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

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

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

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

Inventories

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

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Receivables

Receivables are measured at amortised cost.

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

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

Other receivables consists of VAT etc.

Work in progress for third parties

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

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

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

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

Prepayments

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

Equity

Reserve for net revaluation according to the equity method

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

Proposed dividends

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

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Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

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

Other liabilities are measured at net realisable value.

Subordinate loan capital

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

Segment information

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

Financial ratios

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

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

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2 Financing

The Group is exposed to significant movements in working capital. It is expected that future growth will result in increases in working capital including financing of subsidiaries and thus depend on increased credit limits. As a result thereof it is necessary to constantly monitor credit limits, guarantees as well as forecast cash flow. Management is aware of the premise and is confident that the strong cooperation with current credit institutions will lead to increased credit limits during 2021 if needed which will enable the Group to realize the expected growth.

DKK'000	2020	2019
3 Segment information		
Breakdown of revenue by geographical segment:		
Europe	94,220	125,959
Scandinavia	392,220	328,642
Rest of the world	12,727	13,680
	499,167	468,281
4 Staff costs and incentive programmes		
Wages/salaries	74,867	58,286
Pensions	5,931	4,628
Other social security costs	462	675
Other staff costs	141	274
	81,401	63,863
Staff costs are recognised as follows in the financial statements:		
Production	63,427	46,085
Distribution	3,841	3,799
Administration	14,133	13,979
	81,401	63,863
Average number of full-time employees	111	92

Remuneration of the Executive Board and Board of Directors in the group and in the parent company amounts to DKK 2.560 thousand.

Incentive programmes

The Company has an incentive plan aimed at members of The Executive Board. The total shares for which members of Management may become eligible amounts to 2,34%of the share capital. The options are exercisable in the event of a sale of the Company. It is a condition for exercising the options that the holder of the option is still employed in the Company.

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	DKK'000	2020	2019
5	**Depreciation of property, plant and equipment**		
	Depreciation of property, plant and equipment	15,376	14,922
		15,376	14,922

Depreciation of property, plant and equipment is recognised in the income statement under the following items:

	2020	2019
Production costs	15,376	14,922
	15,376	14,922

		2020	2019
6	**Financial income**		
	Interest receivable, group entities and exchange adjustments of receivables and payables, group entities	294	1,447
	Other financial income	49	36
		343	1,483
7	**Financial expenses**		
	Interest expenses, group entities and exchange adjustments of receivables and payables, group entities	17,120	360
	Other financial expenses	4,198	3,814
		21,318	4,174
8	**Tax for the year**		
	Deferred tax adjustments in the year	-5,068	-11,290
	Tax adjustments, prior years	-203	0
		-5,271	-11,290

9 **Property, plant and equipment**

DKK'000	Other fixtures and fittings, tools and equipment
Cost at 1 January 2020	75,790
Additions in the year	9,064
Cost at 31 December 2020	84,854
Impairment losses and depreciation at 1 January 2020	52,957
Amortisation/depreciation in the year	15,376
Impairment losses and depreciation at 31 December 2020	68,333
Carrying amount at 31 December 2020	16,521
Depreciated over	2-10 years

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10 Investments

DKK'000	Investments in group entities	Deposits, investments	Total
Cost at 1 January 2020	36,212	216	36,428
Additions in the year	88	21	109
Cost at 31 December 2020	36,300	237	36,537
Value adjustments at 1 January 2020	88,951	0	88,951
Exchange adjustment	-16,312	0	-16,312
Dividend distributed	-12,493	0	-12,493
Share of the profit/loss for the year	31,090	0	31,090
Impairment losses	-1,672	0	-1,672
Value adjustments at 31 December 2020	89,564	0	89,564
Carrying amount at 31 December 2020	125,864	237	126,101

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

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DKK'000	2020	2019
11 Work in progress for third parties		
Selling price of work performed	320,927	271,331
Progress billings	-294,791	-179,082
	26,136	92,249
recognised as follows:		
Work in progress for third parties (assets)	26,136	92,249
	26,136	92,249

12 Share capital

Analysis of the share capital:

	2020	2019
7,850 shares of DKK 100.00 nominal value each	785	785
	785	785

The Company's share capital has remained DKK 785 thousand over the past 5 years.

13 Deferred tax

	2020	2019
Deferred tax at 1 January	-9,617	2,609
Adjustment of deferred tax	-5,068	-11,290
Joint taxation	4,122	-841
Changes in allocation of taxable income to foreign tax branches	-2,394	0
Other deferred tax	0	-95
Deferred tax at 31 December	**-12,957**	**-9,617**

Deferred tax assets primarily relates to tax losses.

14 Non-current liabilities other than provisions

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

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15 Subordinate loan capital

DKK'000	Amount outstanding
Parent company	9,832
	9,832

Subordinate loan capital has been granted by the ultimate parent company and is subordinated in relation to all other creditors. The term to maturity is in 2025 or in the event of an exit. The interest is added to the principal and does not fall due for payment until the principal does.

16 Contractual obligations and contingencies, etc.

Contingent liabilities

The Company is party to pending legal actions. In Management's opinion, the outcome of these legal actions will not affect the Company's financial position negatively, except for what is already reflected in the receivables and payables recognised in the balance sheet at 31 December 2020.

Other contingent liabilities

Operating lease obligations:

The Company has entered into operating leasing agreements with a combined lease payment of DKK 4,233 thousand. The remaining term of the leases is 2 to 36 months.

Guarantees:

The Company has issued work guarantees of DKK 13,974 thousand for services delivered.

Contingent liabilities regarding group entities:

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

The Company has provided the following guarantees for subsidiaries:

- Unlimited guarantee for FairWind Offshore A/S for bank loans from Jyske Bank
- Unlimited guarantee for FairWind Ukraine ApS for bank loans from Jyske Bank
- Work guarantees for subsidiaries work under frame agreements

17 Collateral

Trade receivables and work in progress for third parties with a carrying amount of DKK 75,227 thousand have been provided as collateral for bank loans and overdrafts amounting to DKK 128,266 thousand at 31 December 2020.

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18 Related parties

FairWind A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
FairWind Holding ApS	Vejle, Denmark	Participating interest

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
FairWind Holding ApS	Vejle, Denmark	www.cvr.dk
Apollo Group 1 A/S	Vordingborg, Denmark	www.cvr.dk

Related party transactions

FairWind A/S was engaged in the below related party transactions:

DKK'000	2020	2019
Receivables from parent company	0	20,620
Receivables from related parties	3,199	0
Subordinate loan capital	-9,832	-9,438
Subordinate loan capital, interest	-394	-360
Payables to parent company	-1,075	0
Payables to related parties	0	-500

19 Fee to the auditors appointed by the Company in general meeting

Audit fees are not disclosed with reference to section 96(3) of the Danish Financial Statements Act, as audit fees are disclosed for the group as such in the consolidated financial statements for FairWind Holding ApS.

DKK'000	2020	2019
20 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	18,109	43,733
Retained earnings/accumulated loss	-4,944	-30,177
	13,165	13,556

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

John Jørgen Funch
Executive Board
On behalf of: FairWind A/S
Serial number: PID:9208-2002-2-352789154671
IP: 5.226.xxx.xxx
2021-05-11 12:56:05Z
NEM ID

Hans Steffen Steffensen
Chair
On behalf of: FairWind A/S
Serial number: PID:9208-2002-2-584744038720
IP: 188.182.xxx.xxx
2021-05-11 13:18:29Z
NEM ID

Hans Christian Gabelgaard
Board of Directors
On behalf of: FairWind A/S
Serial number: PID:9208-2002-2-657722863454
IP: 188.179.xxx.xxx
2021-05-11 13:45:37Z
NEM ID

Thomas Bechmann
Board of Directors
On behalf of: FairWind A/S
Serial number: PID:9208-2002-2-060426427684
IP: 80.208.xxx.xxx
2021-05-11 20:36:34Z
NEM ID

Maciej Suchy
Board of Directors
On behalf of: FairWind A/S
Serial number: PID:9208-2002-2-801208677354
IP: 37.30.xxx.xxx
2021-05-15 10:42:06Z
NEM ID

Søren Smedegaard Hvid
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:1256831000710
IP: 87.50.xxx.xxx
2021-05-16 09:48:02Z
NEM ID

Morten Oestergaard Koch
State Authorised Public Accountant
On behalf of: EY Godkendt Revisionspartnerselskab
Serial number: CVR:30700228-RID:32977604
IP: 145.62.xxx.xxx
2021-05-17 05:54:43Z
NEM ID

Kim Woetmann Fredeløkke
Chairman
On behalf of: FairWind A/S
Serial number: PID:9208-2002-2-425859709733
IP: 77.241.xxx.xxx
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