

## **Clemco Danmark A/S**

Niels Bohrs Vej 40  
8660 Skanderborg  
Central Business Registration No  
33392230

## **Annual report 2016/17**

The Annual General Meeting adopted the annual report on 02.10.2017

### **Chairman of the General Meeting**



Name: Frederik Sejersdal Uhl Nielsen

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## Entity details

### Entity

Clemco Danmark A/S  
Niels Bohrs Vej 40  
8660 Skanderborg

Central Business Registration No: 33392230  
Registered in: Skanderborg  
Financial year: 01.07.2016 - 30.06.2017

### Board of Directors

Carl-Erik Uhl Nielsen, Chairman  
Peter Bager  
Frederik Sejersdal Uhl Nielsen

### Executive Board

Frederik Sejersdal Uhl Nielsen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
City Tower, Værkmestergade 2  
8000 Aarhus C

## Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Clemco Danmark A/S for the financial year 01.07.2016 - 30.06.2017.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Aarhus, 14.09.2017

### Executive Board



Frederik Sejersdal Uhl Nielsen

### Board of Directors



Carl-Erik Uhl Nielsen  
Chairman



Peter Bager



Frederik Sejersdal Uhl Nielsen



## Independent auditor's report

### To the shareholders of Clemco Danmark A/S

#### Opinion

We have audited the financial statements of Clemco Danmark A/S for the financial year 01.07.2016 - 30.06.2017, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant 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 Entity's financial position at 30.06.2017 and of the results of its operations for the financial year 01.07.2016 - 30.06.2017 in accordance with the Danish Financial Statements Act.

#### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of 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 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Entity 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 about 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 these financial statements.

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

## Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity'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 Entity'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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, 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 commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.



## Independent auditor's report

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

Aarhus, 14.09.2017

**Deloitte**

Statsautoriseret Revisionspartnerselskab

Central Business Registration No: 33963556



Klaus Tvede-Jensen

State Authorised Public Accountant

## Management commentary

### Primary activities

Primary activities are, likewise previous years, sales and marketing of machinery and consumables for surface treatment of steel and other materials as well as large scale fully automated turn key projects to international clients within heavy duty industrial surface treatment.

### Development in activities and finances

Fiscal year 16/17 has been characterized with a high level of activities, particularly within the construction industry and the wind power industry. Clemco Denmark A/S have continuously been focusing on improvement of customer service and product offerings as well as taking on additional staff. Our activities are well received in the market by both existing and new customers.

During the year we have enhanced our presence for our customers based at Zealand, as of August 2017 a new large facility in Rødovre is fully up and running.

On the large scale turn key projects the company are continuously investing in enhancing competences, particularly areas such as robotic and automation, and has during the year been involved in numerous projects in several continents. This is expected to be continued and Clemco Denmark A/S commitment to pursue our strategy as international turn key provider of automated surface treatment based on robotic solutions is unchanged.

Management is considering result of the year as being satisfactory, and is likewise considering a positive outlook for fiscal 17/18.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date which would influence the evaluation of this annual report.

## Income statement for 2016/17

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
<b>Gross profit</b>		<b>18.481.598</b>	<b>19.383.702</b>
Staff costs	1	(12.606.059)	(11.852.160)
Depreciation, amortisation and impairment losses		<u>(1.118.473)</u>	<u>(523.277)</u>
<b>Operating profit/loss</b>		<b>4.757.066</b>	<b>7.008.265</b>
Other financial income	2	159.752	75.467
Other financial expenses		<u>(176.806)</u>	<u>(126.424)</u>
<b>Profit/loss before tax</b>		<b>4.740.012</b>	<b>6.957.308</b>
Tax on profit/loss for the year	3	<u>(1.084.000)</u>	<u>(1.475.502)</u>
<b>Profit/loss for the year</b>		<b><u>3.656.012</u></b>	<b><u>5.481.806</u></b>
<b>Proposed distribution of profit/loss</b>			
Extraordinary dividend distributed in the financial year		4.500.000	3.500.000
Retained earnings		<u>(843.988)</u>	<u>1.981.806</u>
		<b><u>3.656.012</u></b>	<b><u>5.481.806</u></b>

## Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Completed development projects		810.923	0
Goodwill		58.929	91.071
Development projects in progress		0	400.000
<b>Intangible assets</b>	<b>4</b>	<b>869.852</b>	<b>491.071</b>
Other fixtures and fittings, tools and equipment		960.126	1.315.548
Leasehold improvements		4.218	9.834
<b>Property, plant and equipment</b>	<b>5</b>	<b>964.344</b>	<b>1.325.382</b>
Deposits		479.354	328.440
<b>Fixed asset investments</b>		<b>479.354</b>	<b>328.440</b>
<b>Fixed assets</b>		<b>2.313.550</b>	<b>2.144.893</b>
Manufactured goods and goods for resale		10.351.035	10.493.262
<b>Inventories</b>		<b>10.351.035</b>	<b>10.493.262</b>
Trade receivables		13.404.354	13.329.950
Receivables from group enterprises		1.920.372	1.476.213
Deferred tax		1.000	63.000
Other receivables		194.575	321.083
Income tax receivable		0	326.000
Prepayments		683.863	457.396
<b>Receivables</b>		<b>16.204.164</b>	<b>15.973.642</b>
<b>Cash</b>		<b>4.205.060</b>	<b>6.190.403</b>
<b>Current assets</b>		<b>30.760.259</b>	<b>32.657.307</b>
<b>Assets</b>		<b>33.073.809</b>	<b>34.802.200</b>

## Balance sheet at 30.06.2017

	<u>Notes</u>	<u>2016/17 DKK</u>	<u>2015/16 DKK</u>
Contributed capital		500.000	500.000
Reserve for development expenditure		320.520	0
Retained earnings		16.432.804	17.597.312
<b>Equity</b>		<b>17.253.324</b>	<b>18.097.312</b>
Deposits		0	26.000
Joint taxation contribution payable		1.022.000	5.952.000
<b>Non-current liabilities other than provisions</b>		<b>1.022.000</b>	<b>5.978.000</b>
Bank loans		73.387	93.601
Prepayments received from customers		160.322	311.307
Trade payables		11.038.201	7.372.537
Payables to shareholders and management		0	100
Other payables		3.526.575	2.949.343
<b>Current liabilities other than provisions</b>		<b>14.798.485</b>	<b>10.726.888</b>
<b>Liabilities other than provisions</b>		<b>15.820.485</b>	<b>16.704.888</b>
<b>Equity and liabilities</b>		<b>33.073.809</b>	<b>34.802.200</b>
Unrecognised rental and lease commitments	6		
Contingent liabilities	7		
Mortgages and securities	8		



## Statement of changes in equity for 2016/17

	Contributed capital DKK	Reserve for development expenditure DKK	Retained earnings DKK	Proposed extraordinary dividend DKK
Equity beginning of year	500.000	0	17.597.312	0
Extraordinary dividend paid	0	0	0	(4.500.000)
Transfer to reserves	0	320.520	(320.520)	0
Profit/loss for the year	0	0	(843.988)	4.500.000
<b>Equity end of year</b>	<b>500.000</b>	<b>320.520</b>	<b>16.432.804</b>	<b>0</b>
				<b>Total DKK</b>
Equity beginning of year				18.097.312
Extraordinary dividend paid				(4.500.000)
Transfer to reserves				0
Profit/loss for the year				3.656.012
<b>Equity end of year</b>				<b>17.253.324</b>



## Notes

	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>1. Staff costs</b>		
Wages and salaries	11.646.610	11.237.944
Pension costs	811.477	884.250
Other social security costs	147.972	125.065
Other staff costs	0	4.901
Staff costs classified as assets	0	(400.000)
	<b>12.606.059</b>	<b>11.852.160</b>
 Average number of employees	 <b>24</b>	
	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>2. Other financial income</b>		
Financial income arising from group enterprises	30.000	50
Interest income	56.860	23.130
Exchange rate adjustments	72.892	52.287
	<b>159.752</b>	<b>75.467</b>
	<b>2016/17</b>	<b>2015/16</b>
	<b>DKK</b>	<b>DKK</b>
<b>3. Tax on profit/loss for the year</b>		
Tax on current year taxable income	1.022.000	5.952.000
Change in deferred tax for the year	62.000	(4.378.000)
Adjustment concerning previous years	0	(98.498)
	<b>1.084.000</b>	<b>1.475.502</b>

## Notes

	Completed develop- ment projects DKK	Goodwill DKK	Develop- ment projects in progress DKK
<b>4. Intangible assets</b>			
Cost beginning of year	0	225.000	400.000
Transfers	400.000	0	(400.000)
Additions	499.841	0	0
<b>Cost end of year</b>	<b>899.841</b>	<b>225.000</b>	<b>0</b>
Amortisation and impairment losses beginning of year	0	(133.929)	0
Amortisation for the year	(88.918)	(32.142)	0
<b>Amortisation and impairment losses end of year</b>	<b>(88.918)</b>	<b>(166.071)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>810.923</b>	<b>58.929</b>	<b>0</b>

### Development projects in progress

The company has developed a unique sensor-based system for automated surface treatment of large steel structures. The solution is unique in its modular scalable structure, but is equally characterized by a robustness not found in existing solutions for precision surface treatment. Through this product innovation, Clemco Danmark will increase the possibilities of penetrating export markets with high-end innovative surface treatment solutions.

The management in the company has positive expectations for earnings from the system and expects orders already in 2018. Equally the management has no indications of less market demand on the system that will require further depreciations. The system will be depreciated over a 5 year time period.

## Notes

	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
<b>5. Property, plant and equipment</b>		
Cost beginning of year	1.976.180	16.854
Additions	648.375	0
Disposals	(8.951)	0
<b>Cost end of year</b>	<b>2.615.604</b>	<b>16.854</b>
Depreciation and impairment losses beginning of the year	(660.632)	(7.020)
Depreciation for the year	(997.332)	(5.616)
Reversal regarding disposals	2.486	0
<b>Depreciation and impairment losses end of the year</b>	<b>(1.655.478)</b>	<b>(12.636)</b>
<b>Carrying amount end of year</b>	<b>960.126</b>	<b>4.218</b>
	<b>2016/17 DKK</b>	<b>2015/16 DKK</b>
<b>6. Unrecognised rental and lease commitments</b>		
Hereof liabilities under rental or lease agreements until maturity in total	<b>2.275.000</b>	<b>3.279.533</b>
Herof liabilities under rental agreements or leases with group enterprises until expiry	<b>125.000</b>	<b>0</b>
	<b>2016/17 DKK</b>	<b>2015/16 DKK</b>
<b>7. Contingent liabilities</b>		
Recourse and non-recourse guarantee commitments	0	210.000
<b>Contingent liabilities in total</b>	<b>0</b>	<b>210.000</b>

The Company has unutilised import L/Cs with an open balance at the balance sheet date totalling DKK 44k.

The Company participates in a Danish joint taxation arrangement in which FSUN ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable from 15 December 2014 for income taxes etc. for the jointly taxed companies and also for

## Notes

obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed companies.

The jointly taxed companies' total known net liability in the joint taxation is stated in the administration company's financial statements.

### **8. Mortgages and securities**

Bank debt is secured by way of a deposited mortgage deed registered to the mortgagor with a floating charge of DKK 5,500k nominal.

The carrying amount of assets charged is specified below:

The carrying amount of intangible assets charged amounts to DKK 870k.

The carrying amount of property, plant and equipment charged amounts to DKK 964k.

The carrying amount of fixed asset investments charged amounts to DKK 479k.

The carrying amount of inventories charged amounts to DKK 10,351k.

The carrying amount of trade receivables charged amounts to DKK 13,404k.



## Accounting policies

### Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied for these financial statements, except for the below changes in accounting policies, are consistent with those applied last year.

### Changes in accounting policies

The Entity has implemented Act no. 738 of 1 June 2015 effective from 1 July 2016. As a result, the Company has implemented 'Reserve for development projects' in equity as of the financial year 2016/17.

As a result of the above, an amount equal to the recognised development costs will, going forward, be tied up in a special reserve under equity named 'Reserve for development expenditure'. The amount is tied up in a special reserve which cannot be used for dividends or to cover losses. If the recognised development costs are sold or in any other way are excluded from the Entity's operations, the reserve will be reduced or dissolved. This will take place by a direct transfer to the distributable reserves of equity. If the recognised development costs are written down, a share of the reserve for development expenditure must be reversed. The reversed share is equal to the writedown of development costs. If a writedown of development costs is subsequently reversed, the reserve for development expenditure will be reestablished. The reserve for development costs is also reduced by the depreciation and amortisation made. In this way, the reserve will not exceed the amount of development costs recognised in the balance sheet.

The change has no monetary effect on the income statement or the balance sheet for 2017 or the comparative figures.

Except for the above and new and changed presentation and disclosure requirements by Act no. 738 of 1 June 2015, the financial statements have been presented applying the accounting policies consistently with last year.

### Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

## Accounting policies

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the one in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue and external expenses.

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

#### Cost of sales

Cost of sales comprises costs of sales for the financial year measured at cost, adjusted for ordinary inventory write-downs.

#### Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes write-downs of receivables recognised in current assets.

#### Staff costs

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

#### Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as property, plant and equipment.

#### Other financial income

Other financial income comprises interest income and net capital gains on payables and transactions in foreign currencies etc.



## Accounting policies

### Other financial expenses

Other financial expenses comprise interest expenses and net capital losses on securities, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Entity is jointly taxed with the other Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

### Balance sheet

#### Goodwill

Goodwill is amortised straight-line over its estimated useful life which is fixed based on the experience gained by Management for each business area. The amortisation period is 7 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

#### Intellectual property rights etc

Intellectual property rights etc comprise completed and ongoing development projects with related intellectual property rights.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred.

The cost of development projects comprises costs such as salaries and amortisation that are directly attributable to the development projects.

Completed development projects are amortised over 5 years.

Development projects are written down to the lower of recoverable amount and carrying amount.

#### Property, plant and equipment

Other fixtures and fittings, machinery, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

## Accounting policies

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Other fixtures and fittings, tools and equipment	3-5 years
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For leasehold improvements, the depreciation period cannot exceed the contract period.

Property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Inventories

Inventories are measured at the lower of cost using the average cost formula and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables and direct labour costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less write-downs for bad and doubtful debts.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and tax-based value of assets and liabilities, for which the tax-based value of assets is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

### Cash

Cash comprises cash in hand and bank deposits.

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.



## Accounting policies

### **Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

### **Income tax receivable or payable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated on this year's taxable income, adjusted for prepaid tax.