



Danhydra A/S

Lollandsvej 2
7400 Herning
CVR No. 33595344

Annual report 2020

The Annual General Meeting adopted the
annual report on 28.04.2021

Rasmus Færch

Chairman of the General Meeting

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This document is an unofficial translation of the Danish original. In the event of any inconsistencies, the Danish version shall apply.

Entity details

Entity

Danhydra A/S

Lollandsvej 2

7400 Herning

Business Registration No.: 33595344

Registered office: Herning

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Rasmus Færch, Chairman

Per Thy Sørensen, Vice chairman

Ernst Viggo Frendesen

Peter Rask Gregersen

Annemette Færch

Executive Board

Peter Rask Gregersen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Papirfabrikken 26

8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Danhydra A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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.

Herning, 28.04.2021

Executive Board

Peter Rask Gregersen

CEO

Board of Directors

Rasmus Færch

Chairman

Per Thy Sørensen

Vice chairman

Ernst Viggo Frendesen

Peter Rask Gregersen

Annemette Færch

Independent auditor's report

To the shareholders of Danhydra A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Danhydra A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management is responsible for the preparation of consolidated financial statements and parent 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and 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 consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 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 consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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.

Silkeborg, 28.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Peter Mølkjær

State Authorised Public Accountant
Identification No (MNE) mne24821

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures				
Gross profit/loss	33,772	18,239	24,900	19,940
Operating profit/loss	10,450	3,867	8,575	(1,779)
Result before financials	10,477	3,867	8,575	(2,712)
Net financials	(1,322)	33	219	(2,504)
Profit/loss for the year	7,040	2,108	10,195	(5,321)
Balance sheet total	100,606	84,547	76,166	88,979
Equity	50,426	43,171	41,088	964
Equity excl. minority interests	50,426	43,171	0	0
Cash flows from operating activities	9,819	11,453	18,864	(13,168)
Cash flows from investing activities	(12,818)	(8,932)	(2,085)	(59,249)
Cash flows from financing activities	3,362	(357)	(17,443)	74,263
Average number of employees	71	51	51	48
Ratios				
Rate of return	10,4	4,6	11,3	-3,0
Return on equity (%)	15,04	5,00	48,49	-148,88
Equity ratio (%)	51,12	51,06	53,95	1,08

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Rate of return (%):

$\frac{\text{Profit/loss before financial items} * 100}{\text{Total assets}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The Group's and the Company's activity consists in developing, manufacturing and servicing tools and equipment primarily used for installation and service of wind turbines internationally.

Development in activities and finances

The consolidated income statement for 2020 shows a profit after tax of DKK 7,040,129, and the consolidated balance sheet at 31 December 2020 shows equity of DKK 50,425,870.

Based on strong growth in the Group's activities, the Company has invested significantly during the year in strengthening the organisation, expanding its international production capacity, improving systems to support the business and expanding the product range.

The profit for 2020 thus reflects a considerable improvement in operating profit compared to 2019, driven by considerable growth. The profit for 2020 is satisfactory considering the Company's current development and costs incurred in 2020 for continued building of capacity.

The outbreak of Covid-19 has, in a few cases, resulted in slightly longer delivery times from suppliers, but has otherwise not had any significant impact on the Company's activities and results.

Outlook

Based on a strong business model and an increasingly international delivery platform, a rapidly increasing inflow of tasks across the Company's activities for strong global wind OEMs, a continued significant growth in the Company's activity and an increasing profit are expected for the coming year.

Covid-19 is still not expected to have a negative impact on demand for the Company's products and services as the wind industry currently has a large portfolio of projects for delivery in the years ahead and as continued significant investments in wind energy are expected going forward.

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.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		33,771,535	18,239,375
Distribution costs		(7,701,454)	(7,287,713)
Administrative expenses		(15,553,952)	(7,084,472)
Other operating expenses		(65,955)	0
Operating profit/loss		10,450,174	3,867,190
Other financial income	3	61,906	500,279
Other financial expenses	4	(1,383,585)	(467,494)
Profit/loss before tax		9,128,495	3,899,975
Tax on profit/loss for the year	5	(2,088,366)	(1,791,527)
Profit/loss for the year	6	7,040,129	2,108,448

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	1,455,102	2,373,534
Acquired patents		116,150	311,214
Goodwill		24,510,226	28,694,103
Development projects in progress	8	526,428	0
Intangible assets	7	26,607,906	31,378,851
Plant and machinery		4,411,165	1,357,751
Other fixtures and fittings, tools and equipment		1,436,647	4,759,004
Leasehold improvements		64,016	320,085
Property, plant and equipment	9	5,911,828	6,436,840
Deposits		10,314,815	467,640
Financial assets	10	10,314,815	467,640
Fixed assets		42,834,549	38,283,331
Raw materials and consumables		5,444,291	6,162,713
Manufactured goods and goods for resale		10,139,714	7,365,974
Inventories		15,584,005	13,528,687

Trade receivables		32,023,055	20,755,602
Contract work in progress	11	2,609,224	1,248,822
Receivables from group enterprises		2,836,306	192,764
Deferred tax	12	0	659,498
Other receivables		917,917	6,006,239
Tax receivable		353,599	774,085
Prepayments	13	459,028	473,602
Receivables		39,199,129	30,110,612
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Cash		2,987,844	2,624,799
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Current assets		57,770,978	46,264,098
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Assets		100,605,527	84,547,429
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Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		556,000	556,000
Reserve for development costs		539,733	0
Retained earnings		49,330,137	42,615,088
Equity		50,425,870	43,171,088
Deferred tax	12	278,239	0
Provisions		278,239	0
Lease liabilities		385,565	0
Other payables		2,255,841	711,097
Non-current liabilities other than provisions	14	2,641,406	711,097
Bank loans		22,771,625	27,529,870
Prepayments received from customers		0	392,124
Trade payables		10,236,092	9,982,361
Payables to group enterprises		8,006,999	0
Tax payable		1,209,809	253,684
Other payables		5,035,487	2,507,205
Current liabilities other than provisions		47,260,012	40,665,244
Liabilities other than provisions		49,901,418	41,376,341
Equity and liabilities		100,605,527	84,547,429
Events after the balance sheet date	1		
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Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	556,000	0	42,615,088	43,171,088
Exchange rate adjustments	0	0	214,653	214,653
Transfer to reserves	0	539,733	(539,733)	0
Profit/loss for the year	0	0	7,040,129	7,040,129
Equity end of year	556,000	539,733	49,330,137	50,425,870

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		10,450,174	3,867,190
Amortisation, depreciation and impairment losses		8,182,248	6,453,656
Working capital changes	15	(7,322,475)	1,474,604
Cash flow from ordinary operating activities		11,309,947	11,795,450
Financial income received		61,906	500,279
Financial expenses paid		(1,383,585)	(467,494)
Taxes refunded/(paid)		(253,684)	(349,302)
Other cash flows from operating activities		84,314	(25,473)
Cash flows from operating activities		9,818,898	11,453,460
Acquisition etc. of intangible assets		(766,048)	(4,145,542)
Acquisition etc. of property, plant and equipment		(2,204,547)	(4,761,457)
Acquisition of fixed asset investments		(9,847,175)	(25,182)
Cash flows from investing activities		(12,817,770)	(8,932,181)
Free cash flows generated from operations and investments before financing		(2,998,872)	2,521,279
Repayments of loans etc.		(5,106,632)	(357,207)
Incurrence of debt to participating interests		8,006,999	0
Incurrence of lease debt		461,550	0
Cash flows from financing activities		3,361,917	(357,207)
Increase/decrease in cash and cash equivalents		363,045	2,164,072
Cash and cash equivalents beginning of year		2,624,799	460,727
Cash and cash equivalents end of year		2,987,844	2,624,799
Cash and cash equivalents at year-end are composed of:			
Cash		2,987,844	2,624,799
Cash and cash equivalents end of year		2,987,844	2,624,799

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	34,895,516	22,049,584
Pension costs	3,112,920	2,151,663
Other social security costs	388,890	281,720
Other staff costs	1,115,661	1,342,114
	39,512,987	25,825,081
Average number of full-time employees	71	51

	Remuneration of manage- ment 2020 DKK	Remuneration of manage- ment 2019 DKK
Total amount for management categories	2,177,064	1,733,633
	2,177,064	1,733,633

3 Other financial income

	2020	2019
	DKK	DKK
Exchange rate adjustments	0	500,279
Other financial income	61,906	0
	61,906	500,279

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	75,379	4,628
Other interest expenses	500,818	462,866
Exchange rate adjustments	807,388	0
	1,383,585	467,494

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	1,150,629	257,909
Change in deferred tax	937,737	1,533,618
	2,088,366	1,791,527

6 Proposed distribution of profit/loss

	2020 DKK	2019 DKK
Retained earnings	7,040,129	2,108,448
	7,040,129	2,108,448

7 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	3,712,813	1,203,243	43,338,672	0
Transfers	(729,374)	(803,885)	0	0
Additions	239,620	0	0	526,428
Disposals	0	(92,566)	0	0
Cost end of year	3,223,059	306,792	43,338,672	526,428
Amortisation and impairment losses beginning of year	(1,339,279)	(892,029)	(14,644,569)	0
Transfers	578,179	707,690	0	0
Amortisation for the year	(1,006,857)	(63,955)	(4,183,877)	0
Reversal regarding disposals	0	57,652	0	0
Amortisation and impairment losses end of year	(1,767,957)	(190,642)	(18,828,446)	0
Carrying amount end of year	1,455,102	116,150	24,510,226	526,428

Consolidated goodwill relates to the activity acquired in 2017. The value of goodwill is subject to uncertainty as this depends on the future earnings and development in the Group, including the realisation and execution of planned activity expansions in the companies and the realisation of the expected earnings increases as a result thereof.

8 Development projects

The capitalised development costs relate to the development of products for customers in the wind power industry, including supporting IT setup. The ongoing product development is expected to be commercialised within 1-3 years, and therefore sales transactions have also been initiated in the coming financial year 2021.

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	12,589,477	7,631,180	585,495
Transfers	(3,321,691)	(4,953,869)	0
Additions	1,462,601	741,946	0
Disposals	(375,907)	(153,621)	0
Cost end of year	10,354,480	3,265,636	585,495
Depreciation and impairment losses beginning of year	(11,231,726)	(2,872,176)	(265,410)
Transfers	7,440,453	1,082,497	0
Depreciation for the year	(2,485,048)	(186,442)	(256,069)
Reversal regarding disposals	333,006	147,132	0
Depreciation and impairment losses end of year	(5,943,315)	(1,828,989)	(521,479)
Carrying amount end of year	4,411,165	1,436,647	64,016
Recognised assets not owned by Entity	448,498	0	0

10 Financial assets

	Deposits DKK
Cost beginning of year	467,640
Additions	9,847,175
Cost end of year	10,314,815
Carrying amount end of year	10,314,815

11 Contract work in progress

	2020 DKK	2019 DKK
Contract work in progress	6,431,407	3,336,128
Progress billings	(3,822,183)	(2,087,306)
	2,609,224	1,248,822

12 Deferred tax

	2020	2019
	DKK	DKK
Intangible assets	403,000	535,443
Property, plant and equipment	(397,761)	(551,941)
Inventories	399,000	0
Liabilities other than provisions	(126,000)	(24,000)
Tax losses carried forward	0	(619,000)
Deferred tax	278,239	(659,498)

	2020	2019
	DKK	DKK
Changes during the year		
Beginning of year	(659,498)	(2,193,116)
Recognised in the income statement	937,737	1,533,618
End of year	278,239	(659,498)

13 Prepayments

Prepayments consist of prepaid expenses relating to rent, insurance premiums, subscriptions etc.

14 Non-current liabilities other than provisions

	Due after more than 12 months	Outstanding after 5 years
	2020	2020
	DKK	DKK
Lease liabilities	385,565	0
Other payables	2,255,841	2,489,443
	2,641,406	2,489,443

15 Changes in working capital

	2020	2019
	DKK	DKK
Increase/decrease in inventories	(2,055,318)	(766,635)
Increase/decrease in receivables	(10,054,746)	(4,236,820)
Increase/decrease in trade payables etc.	4,787,589	6,478,059
	(7,322,475)	1,474,604

16 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	63,556,372	5,323,902

17 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Ejendomsselskabet Nyholmsvej, Holstebro ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

18 Assets charged and collateral

Bank debt has been secured on a registered floating charge of DKK 19,000k secured on fixed assets, inventories and trade receivables. The carrying amount of assets charged is DKK 48,125k (DKK 46,207k at 31.12.2019).

19 Non-arm's length related party transactions

Ejendomsselskabet Nyholmsvej, Holstebro ApS; Struer, owns 90% of the shares in the Company and thus has a controlling interest in the Company.

No non-arm's length related party transactions have been conducted in the financial year.

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Ejendomsselskabet Nyholmsvej, Holstebro ApS; Struer, Denmark

The consolidated financial statements of Ejendomsselskabet Nyholmsvej, Holstebro ApS can be obtained at the following address:

Ved Fjorden 6 B, 2. th.
7600 Struer

21 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Danhydra GmbH	Grimma, Germany	GmbH	100	3,420,053	342,078
Danhydra Inc.	Denver, USA	Inc	100	1,110,132	3,253,197

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		26,680,255	17,231,059
Distribution costs		(6,719,509)	(6,443,904)
Administrative expenses		(10,610,233)	(5,648,030)
Other operating expenses		(48,149)	0
Operating profit/loss		9,302,364	5,139,125
Income from investments in group enterprises		762,977	(1,688,844)
Other financial income	3	285,286	562,102
Other financial expenses	4	(1,278,241)	(431,015)
Profit/loss before tax		9,072,386	3,581,368
Tax on profit/loss for the year	5	(2,032,257)	(1,472,920)
Profit/loss for the year	6	7,040,129	2,108,448

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Completed development projects	8	1,455,102	2,373,534
Acquired patents		116,150	311,214
Goodwill		9,365,439	11,093,403
Development projects in progress	8	526,428	0
Intangible assets	7	11,463,119	13,778,151
Plant and machinery		4,101,539	1,078,562
Other fixtures and fittings, tools and equipment		224,091	4,135,949
Leasehold improvements		64,016	320,085
Property, plant and equipment	9	4,389,646	5,534,596
Investments in group enterprises		19,766,492	20,736,962
Deposits		934,041	467,640
Financial assets	10	20,700,533	21,204,602
Fixed assets		36,553,298	40,517,349
Raw materials and consumables		5,444,291	4,464,250
Manufactured goods and goods for resale		4,014,425	4,515,668
Inventories		9,458,716	8,979,918
Trade receivables		21,879,370	11,221,845
Contract work in progress	11	2,198,916	1,248,822
Receivables from group enterprises		32,741,228	14,247,828
Deferred tax	12	0	652,557
Other receivables		798,688	4,741,960
Prepayments	13	410,026	454,870
Receivables		58,028,228	32,567,882
Cash		1,995,629	152,873
Current assets		69,482,573	41,700,673
Assets		106,035,871	82,218,022

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		556,000	556,000
Reserve for development costs		539,733	0
Retained earnings		49,330,137	42,615,088
Equity		50,425,870	43,171,088
Deferred tax	12	226,000	0
Provisions		226,000	0
Lease liabilities		385,565	0
Other payables		2,479,549	711,097
Non-current liabilities other than provisions	14	2,865,114	711,097
Bank loans		29,636,522	26,351,673
Prepayments received from customers		0	392,124
Trade payables		9,204,948	9,287,677
Payables to group enterprises		8,006,999	0
Tax payable		1,153,700	0
Other payables		4,516,718	2,304,363
Current liabilities other than provisions		52,518,887	38,335,837
Liabilities other than provisions		55,384,001	39,046,934
Equity and liabilities		106,035,871	82,218,022
Events after the balance sheet date	1		
Staff costs	2		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Assets charged and collateral	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for development costs DKK	Retained earnings DKK	Total DKK
Equity beginning of year	556,000	0	42,615,088	43,171,088
Exchange rate adjustments	0	0	214,653	214,653
Dissolution of reserves	0	539,733	(539,733)	0
Profit/loss for the year	0	0	7,040,129	7,040,129
Equity end of year	556,000	539,733	49,330,137	50,425,870

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2020	2019
	DKK	DKK
Wages and salaries	25,130,346	15,372,205
Pension costs	2,900,582	2,151,663
Other social security costs	388,890	281,720
Other staff costs	279,187	212,176
	28,699,005	18,017,764
Average number of full-time employees	41	28

	Remuneration of manage- ment 2020 DKK	Remuneration of manage- ment 2019 DKK
Total amount for management categories	2,177,064	1,733,633
	2,177,064	1,733,633

3 Other financial income

	2020	2019
	DKK	DKK
Financial income from group enterprises	223,380	61,823
Exchange rate adjustments	0	500,279
Other financial income	61,906	0
	285,286	562,102

4 Other financial expenses

	2020	2019
	DKK	DKK
Financial expenses from group enterprises	75,379	4,384
Other interest expenses	440,521	426,526
Exchange rate adjustments	762,330	0
Other financial expenses	11	105
	1,278,241	431,015

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	1,153,700	0
Change in deferred tax	878,557	1,472,920
	2,032,257	1,472,920

6 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	7,040,129	2,108,448
	7,040,129	2,108,448

7 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	3,712,813	1,203,243	18,779,557	0
Transfers	(729,374)	(803,885)	0	0
Additions	239,620	0	0	526,428
Disposals	0	(92,566)	0	0
Cost end of year	3,223,059	306,792	18,779,557	526,428
Amortisation and impairment losses beginning of year	(1,339,279)	(892,029)	(7,686,154)	0
Transfers	578,179	707,690	0	0
Amortisation for the year	(1,006,857)	(63,955)	(1,727,964)	0
Reversal regarding disposals	0	57,652	0	0
Amortisation and impairment losses end of year	(1,767,957)	(190,642)	(9,414,118)	0
Carrying amount end of year	1,455,102	116,150	9,365,439	526,428

8 Development projects

The capitalised development costs relate to the development of products for customers in the wind power industry, including supporting IT setup. The ongoing product development is expected to be commercialised within 1-3 years, and therefore sales transactions have also been initiated in the coming financial year 2021.

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	12,204,605	6,350,838	585,495
Transfers	(3,321,691)	(4,953,869)	0
Additions	993,873	70,253	0
Disposals	(339,752)	(153,621)	0
Cost end of year	9,537,035	1,313,601	585,495
Depreciation and impairment losses beginning of year	(11,126,043)	(2,214,889)	(265,410)
Transfers	7,440,453	1,082,497	0
Depreciation for the year	(2,082,912)	(104,250)	(256,069)
Reversal regarding disposals	333,006	147,132	0
Depreciation and impairment losses end of year	(5,435,496)	(1,089,510)	(521,479)
Carrying amount end of year	4,101,539	224,091	64,016
Recognised assets not owned by entity	448,498	0	0

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	28,153,497	467,640
Additions	0	466,401
Cost end of year	28,153,497	934,041
Adjustment of intra-group profits	21,432	0
Revaluations end of year	21,432	0
Impairment losses beginning of year	(7,417,637)	0
Exchange rate adjustments	214,653	0
Amortisation of goodwill	(2,455,920)	0
Share of profit/loss for the year	3,595,276	0
Investments with negative equity value depreciated over receivables	(1,948,099)	0
Other adjustments	(396,710)	0
Impairment losses end of year	(8,408,437)	0
Carrying amount end of year	19,766,492	934,041

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Consolidated goodwill relates to the acquired activity in the subsidiaries in 2017. The value of goodwill is subject to uncertainty as this depends on the future earnings and development in the subsidiaries, including the realisation and execution of planned activity expansions in the companies and the realisation of the expected

earnings increases as a result thereof.

11 Contract work in progress

	2020	2019
	DKK	DKK
Contract work in progress	6,021,099	3,336,128
Progress billings	(3,822,183)	(2,087,306)
	2,198,916	1,248,822

12 Deferred tax

	2020	2019
	DKK	DKK
Intangible assets	379,000	508,686
Property, plant and equipment	(552,000)	(544,533)
Inventories	177,000	0
Receivables	222,000	0
Tax losses carried forward	0	(619,153)
Deferred tax	226,000	(655,000)

Changes during the year	2020
	DKK
Beginning of year	(655,000)
Recognised in the income statement	881,000
End of year	226,000

13 Prepayments

Prepayments consist of prepaid expenses relating to rent, insurance premiums, subscriptions etc.

14 Non-current liabilities other than provisions

	Due after	Outstanding
	more than 12	after 5 years
	months	2020
	2020	DKK
	DKK	DKK
Lease liabilities	385,565	0
Other payables	2,479,549	2,403,564
	2,865,114	2,403,564

15 Unrecognised rental and lease commitments

	2020	2019
	DKK	DKK
Total liabilities under rental or lease agreements until maturity	15,856,643	2,610,696

16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Ejendomsselskabet Nyholmsvej, Holstebro ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

17 Assets charged and collateral

Bank debt has been secured on a registered floating charge of DKK 19,000k secured on fixed assets, inventories and trade receivables. The carrying amount of assets charged is DKK 48,125k (DKK 46,207k at 31.12.2019).

18 Non-arm's length related party transactions

Ejendomsselskabet Nyholmsvej, Holstebro ApS; Struer, owns 90% of the shares in the Company and thus has a controlling interest in the Company.

No non-arm's length related party transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied 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.

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets

and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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 rate 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.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, electricity, water and heating, which are not charged directly from the lessee.

Production costs

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Distribution costs

Distribution costs comprise costs incurred for sale and distribution of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises interest income on receivables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net exchange losses on transactions in foreign currencies, amortisation of financial liabilities, and 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.

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. 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 periods used are 5-10 years.

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

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

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. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

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

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, 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.

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:

Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed

the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount..

Inventories

Inventories are measured at the lower of cost using the FIFO method 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, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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 writedowns for bad and doubtful debts.

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Deferred tax

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

Tax payable or receivable

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

Prepayments

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

Cash

Cash comprises bank deposits.

Lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Other financial liabilities

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

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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.