MWH AF 2015 APS

Annual Report for the period
1 January – 31 December 2018
(4^{th} financial year)

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

John Korsø Jensen
Chairman of the meeting

CVR-no. 36 96 68 90

COMPANY INFORMATION

The Company:	The Company:MWH af 2015 ApS Staktoften 16 2950 Vedbæk	
	Telephone:	+45 45 89 01 33
	Fax:	+45 45 89 31 55
	Homepage:	www.multi-wing.com
	E-mail:	info@multi-wing.com
	CVR-no.	36 96 68 90
	Date of foundation:	29 April 2017
	Registered office:	Rudersdal
	Financial year:	1 January – 31 December
Board of Directors:	John Korsø Jensen (chairman) Annette Bernhoft Andersen Jesper Bernhoft	
Board of Executives:	Daniel Williams	
Audit:	MAZARS, statsautoriseret revisionspartnerselskab Østerfælled Torv 10, 2. sal 2100 København Ø	

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STATEMENT BY MANAGEMENT

The Board of Directors and Board of Executives have today presented and adopted the Annual Report of MWH af 2015 ApS for 2018.

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

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

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

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

Vedbæk, 20 May 2019

Board of Executives:

Daniel Williams

Board of directors:

John Korsø Jensen (Chairman)

Annette Bernhoft Andersen

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INDEPENDENT AUDITOR’S REPORTS

To the shareholders of MWH af 2015 ApS

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of MVH af 2015 ApS for the financial year 1 January – 31 December 2018, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and Parent Company Financial Statements give a true and fair view of the Company´s financial position at 31 December 2018 and of the results of the Group and the Parent Company's operations for the financial year 1 January - 31 December 2018 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and Parent Company Financial Statements” section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management’s Responsibilities for the Consolidated Financial Statements and the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company Financial Statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and Parent Company Financial Statements that are free from material misstatement, whether due to fraud or error. In preparing the Consolidated Financial Statements and Parent Company Financial Statements, Management is responsible for assessing the Group’s and the Parent Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and Parent Company Financial Statements As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and Parent Company Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and Parent Company Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and Parent Company Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and Parent Company Financial Statements, including the disclosures, and whether the Consolidated Financial Statements and Parent Company Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information for the Group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the Group. We alone are responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

INDEPENDENT AUDITOR'S REPORT, continued

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

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

Copenhagen, 20 May 2019
MAZARS
statsautoriseret revisionspartnerselskab
CVR no. 31 06 17 41

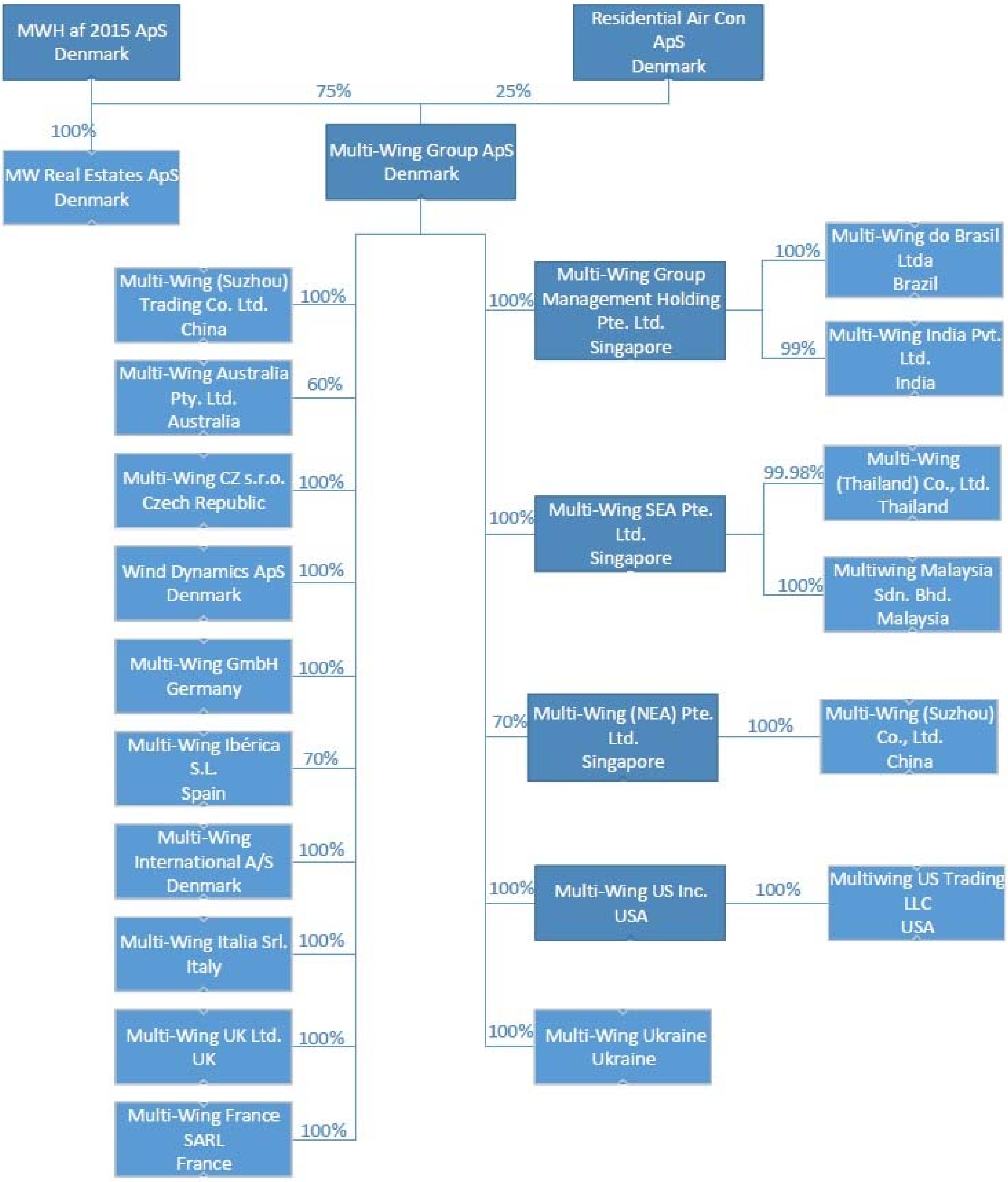
Kurt Christensen
statsautoriseret revisor
(State-authorised public accountant)
MNE-no. mne26824

FINANCIAL HIGHLIGHTS AND RATIO'S FOR THE GROUP

	2018	2017	2016	2015	2014
	DKK million	DKK million	DKK million	DKK million	DKK million
Income statement					
Revenue	396,3	348,7	293,1	302,2	309,1
Gross margin	184.1	168.9	132.2	129.5	130.0
Operating result	73.5	63.2	40.8	41.7	50.7
Financials, net	-3	-7.3	-1.7	-5.9	-7.7
Profit / loss for the year	52.7	42.3	29.4	26.3	30.8
Balance sheet					
Investment in property, plant and equipment	13.8	12.7	33.6	16.0	7.0
Total balance	347.0	304.2	274.2	247.3	255.1
Equity	209.2	177.1	152.8	130.6	118.7
Ratios in %					
Return on invested capital	39.3%	36.7%	29.6%	36.8 %	49.3 %
Return on equity	27.3%	25.6%	20.7%	21.1 %	31.5 %

For definition, see section on accounting policies.

GROUP CHART


MWH af 2015 ApS
Denmark
Residential Air Con ApS
Denmark
75%
25%
100%
MW Real Estates ApS
Denmark
Multi-Wing Group ApS
Denmark
Multi-Wing (Suzhou) Trading Co. Ltd.
China
100%
Multi-Wing Australia Pty. Ltd.
Australia
60%
Multi-Wing CZ s.r.o.
Czech Republic
100%
Wind Dynamics ApS
Denmark
100%
Multi-Wing GmbH
Germany
100%
Multi-Wing Ibérica S.L.
Spain
70%
Multi-Wing International A/S
Denmark
100%
Multi-Wing Italia Srl.
Italy
100%
Multi-Wing UK Ltd.
UK
100%
Multi-Wing France SARL
France
100%
100%
Multi-Wing Group Management Holding Pte. Ltd.
Singapore
100%
Multi-Wing do Brasil Ltda
Brazil
99%
Multi-Wing India Pvt. Ltd.
India
100%
Multi-Wing SEA Pte. Ltd.
Singapore
99.98%
Multi-Wing (Thailand) Co., Ltd.
Thailand
100%
Multiwing Malaysia Sdn. Bhd.
Malaysia
70%
Multi-Wing (NEA) Pte. Ltd.
Singapore
100%
Multi-Wing (Suzhou) Co., Ltd.
China
100%
Multi-Wing US Inc.
USA
100%
Multiwing US Trading LLC
USA
100%
Multi-Wing Ukraine
Ukraine

MANAGEMENT REVIEW

Business Activities

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

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

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

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

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

Uncertainty relating to recognition and measurement

There is no uncertainty related to recognition and measurement.

Unusual matters

No unusual matters have affected the Financial Statements for 2018.

Outlook

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

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

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

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

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

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

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

Knowledge resources

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

Special risks

Price risks

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

MANAGEMENT REVIEW, continued

Currency and interest-rate risks

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

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

Research and development activities

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

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

Environmental performance

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

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

Business model

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

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

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

Policies

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

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

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

Activities

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

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

Activities, continued

Planned activities related to corporate responsibility:

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

Significant risks related to social responsibility

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

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

Results

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

- Work accident rate
- Sickness absence hours

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

Gender policy

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

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

Events after the balance sheet date

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

ACCOUNTING POLICIES

The Annual Report of MWH af 2015 ApS for 2018 has been prepared in accordance with the provisions of the Danish Financial Statements Act (Årsregnskabsloven) governing reporting class C (medium size).

The accounting policies remain unchanged compared with last year.

Basis of recognition and measurement

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

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

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

On initial recognition assets and liabilities are measured at cost and subsequently as described for each item below.

Some financial activities and engagements are measured to amortised cost, where there for the term are measured a constant efficient interest rate. Amortised cost is determined as original cost with deduction of possible repayments as well as addition / deduction of the accumulated amortisation of the difference between cost and nominal amounts.

With recognition and measurement predictable loss and risk which occur before the Annual Report is presented are taken into consideration and which confirm or deny conditions which exist on the balance sheet date.

Consolidated Financial Statements

The Consolidated Financial Statements include the Parent Company MWH af 2015 ApS and its subsidiaries.

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

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

Comparative figures for newly acquired or divested companies are not corrected.
On acquisition of new enterprises, the acquisition method is applied, according to which the identifiable assets and liabilities are measured at fair value at the time of acquisition.

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

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

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

ACCOUNTING POLICIES, continued

Minority interest

Subsidiaries' financial statement items are recognised in full in the Consolidated Financial Statements. Minority interest' pro rata shares of profit / loss forms part of the Group's profit / loss and is a separate element of the Group's equity.

Reporting currency

The Annual Report is presented in Danish kroner.

Translation adjustments

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

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

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

THE INCOME STATEMENT

Gross margin

With reference to section 32 of the Danish Financial Statements Act, the items "Net revenue" to and including "Other external expenses" are consolidated into one item designated "Gross margin".

Revenue

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

Revenue is recognised exclusive of VAT and less sales discount.

Other external costs

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

Other operating income / costs

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

Staff costs

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

Result of investments in group enterprises

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

Items under financial income and expenses

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

ACCOUNTING POLICIES, continued

THE INCOME STATEMENT, continued

Tax on result of the year

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

The Company is jointly taxed with other Danish companies in the MWH af 2015. The Danish income tax is allocated between the jointly taxed Danish companies in proportion to their taxable income. The jointly taxed companies are taxed under the advance payment tax scheme.

BALANCE SHEET

Intangible assets

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

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

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

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

Property, plant and equipment

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

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

	Useful life	Residual value
Development costs	5 years	0%
Buildings	16 - 30 years	60%
Leasehold improvements	3 years	0%
Other fixtures and fittings, tools and equipment	3 - 5 years	0%

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

ACCOUNTING POLICIES, continued

BALANCE SHEET, continued

Financial assets

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

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

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

Inventories

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

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

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

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

Receivables

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

Prepayments

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

Short-term investments

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

Equity

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

ACCOUNTING POLICIES, continued

BALANCE SHEET, continued

Corporation tax and deferred tax

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

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

Deferred tax is measured on the basis of the tax rules and tax rates, which are operative at the balance sheet date, if the deferred tax was expected to be released as current tax. Changes in deferred tax due to changes in the tax rate are measured in the income statement. For the present financial year, a tax rate of 22 % has been applied for the Danish entities in the Group.

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

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

Financial liabilities

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

Derivative financial instruments

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

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

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

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

ACCOUNTING POLICIES, continued

CASH FLOW STATEMENT

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

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

Cash flow from operating activities

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

Cash flow from investing activities

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

Cash flow from financing activities

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

Cash and cash equivalents

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

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

RATIOS

Ratios have been calculated as:

Return on invested capital
$$\frac{\text{Operating profit x 100}}{\text{Average invested capital exclusive of goodwill}}$$

Return on equity
$$\frac{\text{Profit / loss for the year x 100}}{\text{Average equity including minority}}$$

INCOME STATEMENT FOR THE PERIOD
1 JANUARY – 31 DECEMBER 2018

		Group		Parent Company	
	Note	2018	2017	2018	2017
		DKK'000	DKK'000	DKK'000	DKK'000
Revenue	1	396,322	348,729	0	0
Cost of sales		-136,625	-113,305	0	0
Other income		4,394	-71,568	0	0
Other external expenses		-79,979	5,044	-129	-251
GROSS MARGIN:		184,112	168,900	-129	-251
Other costs		-159	-5,453	0	0
Staff costs	2	-96,607	-84,513	-75	-75
		87,346	78,934	-204	-326
Depreciation	3	-13,799	-15,689	0	0
OPERATING RESULT:		73,547	63,245	-204	-326
Result from subsidiaries after tax	4	0	0	35,822	29,545
Financial income	5	5,037	4,081	67	384
Financial expenses	6	-7,803	-10,380	-48	-196
PROFIT BEFORE TAX:		70,781	56,946	35,637	29,407
Tax on profit / loss for the year	7	-18,034	-14,642	38	-3
PROFIT FOR THE YEAR:	8	52,747	42,304	35,675	29,404

BALANCE SHEET AT 31 DECEMBER 2018

		Group		Parent Company	
	Note	2018	2017	2018	2017
		DKK'000	DKK'000	DKK'000	DKK'000
ASSETS:					
Completed development projects		5,816	6,170	0	0
Development projects under development		7,742	6,198	0	0
Goodwill		23,687	25,294	0	0
Intangible assets	9	37,245	37,662	0	0
Land and property		38,314	39,153	0	0
Leasehold improvements		1,435	1,434	0	0
Other fixtures and fittings, tools and equipment		25,391	24,274	0	0
Property, plant and equipment	10	65,140	64,861	0	0
Investment in subsidiaries	4	0	0	130,151	112,331
Deposits	11	2,036	1,657	0	0
Financial fixed assets		2,036	1,657	130,151	112,331
FIXED ASSETS:		104,421	104,180	130,151	112,331
Inventories		55,531	45,587	0	0
Trade receivables		94,115	79,022	0	0
Receivables from group enterprises		0	0	7,596	5,404
Receivable company tax		1,657	2,347	1,579	1,467
Deferred tax asset	12	862	1,151	0	0
Other receivables		12,193	9,278	0	0
Prepayments	13	5,205	6,037	0	0
Receivables		114,032	97,835	9,175	6,871
Current asset investments		4,675	4,950	0	0
Cash and cash equivalents		68,345	51,635	20,192	14,756
CURRENT ASSETS:		242,583	200,007	29,367	21,627
ASSETS:		347,004	304,187	159,518	133,958

BALANCE SHEET AT 31 DECEMBER 2018

	Note	Group 2018 DKK'000	Group 2017 DKK'000	Parent Company 2018 DKK'000	Parent Company 2017 DKK'000
LIABILITIES AND EQUITY:					
Share capital	14	125	125	125	125
Net revaluation under equity method		0	0	49,993	37,672
Retained profit		147,084	117,060	96,741	79,388
Proposed dividend for the financial year		5,000	11,250	5,000	11,250
Minority interest		57,066	48,621	0	0
EQUITY:		209,275	177,056	151,859	128,435
Deferred tax	15	2,725	2,261	0	0
Provision in regard of deficiency in subsidiaries		0	0	0	0
PROVISIONS:		2,725	2,261	0	0
Instrument of debt	16	32,979	16,120	0	0
Long-term liabilities other than provisions		32,979	16,120	0	0
Short-term part of long-term debt	16	10,156	20,765	0	0
Bank debt		23,055	22,826	0	0
Prepayments from customers		0	0	0	0
Trade creditors		30,769	29,866	86	119
Payables to group enterprises		0	0	0	0
Company tax		12,257	10,216	7,573	5,404
Other payables		25,788	25,077	0	0
Short-term liabilities other than provisions		102,025	108,750	7,659	5,523
LIABILITIES OTHER THAN PROVISIONS:		135,004	124,870	7,659	5,523
LIABILITIES AND EQUITY:		347,004	304,187	159,518	133,958

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STATEMENT OF CHANGES IN EQUITY FOR 2018

	Group		Parent Company	
	2018	2017	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000
EQUITY:				
Balance at 1 January	125	125	125	125
Share capital	125	125	125	125
Balance at 1 January	0	0	37,708	27,914
Retained earnings	0	0	35,822	29,545
Exchange rate adjustments, subsidiaries	0	0	-1,037	-1,123
Adjustment, financial instruments	0	0	0	86
Dividends for the year	0	0	-22,500	-18,750
Net revaluation under equity method	0	0	49,993	37,672
Balance at 1 January	117,060	99,943	79,388	72,029
Retained earnings	30,677	18,154	-5,147	-11,391
Dividends from subsidiaries	0	0	22,500	18,750
Exchange rate adjustment, subsidiaries	-653	-1,123	0	0
Adjustment, financial instruments	0	86	0	0
Retained profit	147,084	117,060	96,741	79,388
Balance at 1 January	11,250	4,000	11,250	4,000
Dividend paid	-11,250	-4,000	-11,250	-4,000
Dividends proposed for the year	5,000	11,250	5,000	11,250
Dividends	5,000	11,250	5,000	11,250
Balance at 1 January	48,621	48,759	0	0
Retained earnings	17,070	12,900	0	0
Dividend for the year	-8,075	-11,692	0	0
Exchange rate adjustment, subsidiaries	-550	-1,375	0	0
Adjustment, financial instruments	0	29	0	0
Minority interests	57,066	48,621	0	0
EQUITY AT 31 DECEMBER:	209,275	177,056	151,859	128,435

CASH FLOW STATEMENT

	Note	2018	2017
		DKK'000	DKK'000
CASH FLOW FROM OPERATING ACTIVITIES:			
Operating profit		73,547	63,245
Depreciation for the year		13,799	15,689
Adjustments		-1,079	-2,052
Tax		-14,550	-12,859
Change in working capital	23	-25,505	-10,215
CASH FLOW FROM OPERATING ACTIVITIES:		46,212	53,808
CASH FLOW FROM INVESTING ACTIVITIES:			
Purchase of intangible assets		-3,802	-3,842
Purchase of property, plant and equipment		-10,056	-12,546
Addition, financial assets		-379	4
Sale of property, plant and equipment		72	617
Purchase of securities		0	-4,950
Sale of securities		275	0
CASH FLOW FROM INVESTING ACTIVITIES:		-13,890	-20,717
CASH FLOW FROM FINANCING ACTIVITIES:			
Repayment of debt instrument		-24,080	-15,641
New loans		30,000	0
Interest receivable		5,037	4,081
Interest payable		-7,473	-10,381
Minority interest, share of dividend		-8,075	-11,692
Dividends paid		-11,250	-4,000
CASH FLOW FROM FINANCING ACTIVITIES:		-15,841	-37,633
Changes in cash and cash equivalents		16,481	-4,542
Cash and cash equivalents 1 January		28,809	33,351
CASH AND CASH EQUIVALENTS, END OF YEAR:	24	45,290	28,809

NOTES TO THE FINANCIAL STATEMENTS

Note

1 INFORMATION ON SEGMENTS

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

	Group		Parent Company	
	2018	2017	2018	2017
	DKK'000	DKK'000	DKK'000	DKK'000
2 STAFF COSTS:				
Wages and salaries	81,186	74,551	75	75
Pension	8,015	4,520	0	0
Social security costs	6,872	6,115	0	0
Other staff costs	3,226	1,887	0	0
	99,299	87,073	75	75
Transferred to development projects	-2,692	-2,560	0	0
	96,607	84,513	75	75
Average number of employees	258	240	0	0

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

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

Note		Group		Parent Company	
		2018	2017	2018	2017
		DKK'000	DKK'000	DKK'000	DKK'000
3	**DEPRECIATION:**				
	Completed development projects	2,281	4,410	0	0
	Goodwill	1,944	1,942	0	0
	Property	1,190	1,162	0	0
	Leasehold improvements	451	437	0	0
	Other fixtures and fittings, tools and equipment	7,933	7,738	0	0
		13,799	15,689	0	0

		Parent Company	
4	**INVESTMENT IN SUBSIDIARIES:**	2018	2017
		DKK'000	DKK'000
	Cost at 1 January	70,800	56,300
	Additions	5,500	14,500
	Cost at 31 December	76,300	70,800
	Impairment at 1 January	41,531	31,773
	Dividends paid	-22,500	-18,750
	Profit for the year	35,822	29,545
	Exchange rate, adjustment	-1,002	-1,124
	Adjustment, financial instruments	0	87
	Impairment at 31 December	53,851	41,531
	CARRYING AMOUNT AT 31 DECEMBER:	130,151	112,331
	Goodwill included	23,687	25,294

Note

4 INVESTMENT IN SUBSIDIARIES, continued:

Investment in subsidiaries are specified as follows (DKK'000):

	Registered office	*Ownership*	*Share capital*	
Multi-Wing Group A/S	Rudersdal , Denmark	75 %	TDKK	125
Multi-Wing Real Estates ApS	Rudersdal , Denmark	100%	TDKK	50
Multi-Wing International A/S	Rudersdal Denmark	75 %	TDKK	500
Multi-Wing Australia Pty., Ltd.	Australia	45 %	TAUD	150
Multi-Wing France, SARL	France	75 %	TEUR	100
Multi-Wing (Suzhou) Co. Ltd.	China	52.5 %	TCNY	1,738
Multi-Wing Ibérica S.L.	Spain	52.5 %	TEUR	27
Multi-Wing GmbH	Germany	75 %	TEUR	25
Multi-Wing CZ s.r.o.	Czech, Republic	75 %	TCZK	200
Wind Dynamic ApS	Rudersdal Denmark	75 %	TDKK	125
Multi-Wing Italia Srl.	Italy	75 %	TEUR	100
Multi-Wing Suzhou Trading Co. Ltd.	China	75 %	TCNY	2,040
Multi-Wing SEA Pte. Ltd.	Singapore	75 %	TSGD	1,194
Multi-Wing NEA Pte. Ltd.	Singapore	52.5 %	SGD	100
Multi-Wing GMH Pte. Ltd.	Singapore	75%	TSGD	1,146
Multi-Wing India Pvt. Ltd ..	India	75 %	TINR	4,000
Multi-Wing Brazil Lta. .	Brazil	75 %	TBRL	3,984
Multi-Wing US Inc.	USA	75 %	USD	30
Multi-Wing UK Limited.	UK	75 %	TGBP	26
Multi-Wing Malaysia sdn. Bhd	Malaysia	75 %	TMYR	500
Multi-Wing Thailand Co.Ltd	Thailand	75 %	TBaht	1,000
Multi-Wing UA LLC	Ukraine	75 %	TUAH	161

NOTES TO THE FINANCIAL STATEMENTS, continued

Note		Group		Parent Company	
		2018	2017	2018	2017
		DKK'000	DKK'000	DKK'000	DKK'000
5	**FINANCIAL INCOME:**				
	Interest receivables from group enterprises	0	0	68	267
	Exchange rate gains	4,703	3,851	0	117
	Other financial income	334	230	0	0
		5,037	4,081	68	384
6	**FINANCIAL EXPENSES:**				
	Interest payables to group enterprises	0	0	0	0
	Exchange rate loss	5,351	7,172	0	55
	Other financial expenses	2,452	3,208	48	141
		7,803	10,380	48	196
7	**TAX ON PROFIT / LOSS FOR THE YEAR:**				
	Current tax for the year	-17,312	-15,137	0	0
	Adjustment of tax from previous year	0	-101	0	0
	Joint tax income to group enterprises	0	3	38	3
	Deferred tax adjustment	-722	593	0	0
		-18,034	-14,642	38	3
8	**PROPOSED APPROPRIATION OF PROFIT / LOSS:**				
	Net revaluation under the equity method	0	0	35,822	29,545
	Dividend for the year	5,000	11,250	5,000	11,250
	Retained profit / loss	30,677	18,154	-5,147	-11,391
	Minority interest of share of earnings	17,070	12,900	0	0
		52,747	42,304	35,675	29,404

NOTES TO THE FINANCIAL STATEMENTS, continued

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

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

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

Note		Group		
10	PROPERTY, PLANT AND EQUIPMENT (DKK'000):	Land and property	Other fixtures and fittings, tools and equipment	Leasehold Improvements
	Cost at 1 January	45,780	79,453	2,328
	Currency adjustment	-108	-348	-7
	Additions	412	9,183	453
	Disposals	0	-636	0
	Cost at 31 December	46,084	87,652	2,774
	Depreciation and amortization at 1 January	-6,627	-55,179	-894
	Exchange rate adjustment	47	252	6
	Depreciation and amortization during the year	-1,190	-7,933	-451
	Reversal of disposals on depreciation	0	599	0
	Depreciation at 31 December	7,770	-62,261	-1,339
	CARRYING AMOUNT AT 31 DECEMBER:	38,314	25,391	1,435

Note		2018	2017
		DKK'000	DKK'000
11	**DEPOSIT:**		
	Cost at 1 January	1,657	1,661
	Additions	379	-4
	CARRYING AMOUNT AT 31 DECEMBER:	2,036	1,657

12 DEFERRED TAX ASSETS:

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

13 PREPAYMENTS:

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

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

		Group		**Parent Company**	
		2018	2017	2018	2017
		DKK'000	DKK'000	DKK'000	DKK'000
15	**PROVISION FOR DEFERRED TAX:**				
	Provision for deferred tax at 1 January 2018	2,261	2,603	0	0
	Provision in year	464	-342	0	0
		2,725	2,261	0	0

Note

16	LONG TERM DEBT	Debt at 31.12.2018	Due within 1 year	Debt after 5 years
		DKK'000	DKK'000	DKK'000
	Bank loan	30,330	10,000	0
	Mortgage loans	12,805	156	11,893
		43,135	10,156	11,893

17 ASSETS CHARGED AND SECURITY:

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

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

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

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

18 HEDGING INSTRUMENTS:

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

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

19 CONTRACTUAL OBLIGATIONS:

The Group has signed the following lease obligations:

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

Note

20 OTHER CONTINGENT LIABILITIES:

The Company was founded as a spin off from a split of Multi-Wing Group Holding ApS as per 29 April 2015. As a result, the Company is on a pro-rata apportionment liable for existing and potential liabilities towards Multi-Wing Group Holding ApS as per that date.

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

The Company is jointly taxed with other Danish group companies. The Danish companies of the Group are jointly and severally liable to tax of the Group's jointly taxed income etc. The total payable corporate tax is shown in MWH af 2015 ApS' Annual Report, CVR-no. 31 18 48 43, who is managing company in relation to the joint taxation. Furthermore, the Danish companies of the Group are jointly and severally liable in relation to the Danish withholding taxes in form of dividend tax, royalty tax and interest tax. Any future corrections to corporate taxes and withholding taxes can result in a larger amount of the Company's liability.

21 OTHER RELATED PARTIES:

MWH af 2015 ApS' related parties include as follows:

Controlling influence:	**Basis:**
MWH af 2015 ApS	Parent
Other related parties:	**Basis:**
Jesper Bernhoft	Member of Board of Directors
Annette Bernhoft Andersen	Member of Board of Directors
John Korsø Jensen	Member of Board of Directors
Subsidiaries etc.	Reference is made to the Group Overview in the section "Management Review" and note 8 respectively.

Transactions with related parties:

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

	Group	
	2018	2017
22 FEE TO AUDITORS APPOINTED AT THE GENERAL MEETING:	DKK'000	DKK'000
Audit fee	622	811
Other assurance engagements	0	0
Tax advisory services	125	44
Non-audit services	444	572
	1,191	1,427

Note

		Group
		2018
23	**CHANGE IN WORKING CAPITAL:**	DKK'000
	Change in inventories	-9,944
	Change in trade receivables	-15,093
	Change in other receivables	-2,915
	Change in prepayments	832
	Change in trade creditors	903
	Change in other payables	712
	CARRYING AMOUNT AT 31 DECEMBER:	-25,505

		Group
		2018
24	**CASH AND CASH EQUIVALENTS AT YEAR-END:**	DKK'000
	Cash and cash equivalents, year-end	68,345
	Bank debt, year-end	-23,055
	CARRYING AMOUNT AT 31 DECEMBER:	45,290