Grene Wind Industry Supplies A/S

Thorsagervej 13 A, 8550 Ryomgård, Denmark

CVR no. 37 84 26 99

Annual report 2017

Approved at the Company's annual general meeting on 31 May 2018

Chairman:

Christian Kattenhøj

Building a better working world

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Grene Wind Industry Supplies A/S for the financial year 1 January - 31 December 2017.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Ryomgård, 24 May 2018
Executive Board:

Christian Hansen

Board of Directors:

Herman Johan Scholten Chairman	Christian Hansen	Birgitte Kloster

Independent auditor's report

To the shareholders of Grene Wind Industry Supplies A/S

Opinion

We have audited the financial statements of Grene Wind Industry Supplies A/S for the financial year 1 January - 31 December 2017, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2017 and of the results of the Company's operations for the financial year 1 January - 31 December 2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Herning, 24 May 2018
ERNST & YOUNG
Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Niels J. Jørgensen
State Authorised Public Accountant
MNE no.: mne8217

Management's review

Company details

Name	Grene Wind Industry Supplies A/S
Address, Postal code, City	Thorsagervej 13 A, 8550 Ryomgård, Denmark
CVR no.	37 84 26 99
Established	1 July 2016
Registered office	Syddjurs
Financial year	1 January - 31 December
Board of Directors	Herman Johan Scholten, Chairman Christian Hansen Birgitte Kloster
Executive Board	Christian Hansen
Auditors	Ernst & Young Godkendt Revisionspartnerselskab Industrivej Nord 9, 7400 Herning, Denmark

Management's review

Business review

The company's purpose is to conduct commercial and industrial activities domestic and abroad as well as other related activities in accordance with the Board's discretion.

Unusual matters having affected the financial statements

At the beginning of the the year, the Company carried out two intra-group business combinations.

The intra-group combinations implied a merger with Jonic af 1993 A/S and a demerger from the sister company, KRAMP Danmark A/S regarding the activity with customised solutions for the global wind turbine industry.

The effect of these combinations has been significant, and as the comparative figures have not been restated, the financial statements for the year are therefore not comparable with last year.

Financial review

The income statement for 2017 shows a profit of DKK 14,887 thousand against a profit of DKK 3,315 thousand last year, and the balance sheet at 31 December 2017 shows equity of DKK 33,742 thousand. Management considers the Company's financial performance in the year satisfactory.

Events after the balance sheet date

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

Outlook

Management expects an minor increase in revenue and profit for 2018 compared to 2017.

Financial statements 1 January - 31 December

Income statement

Note	DKK'000	2017 12 months	2016 6 months
	Gross margin	31,883	0
2	Staff costs	-6,799	0
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-3,519	0
	Profit before net financials	21,565	0
	Income from investments in group enterprises	281	3,460
	Financial income	835	0
3	Financial expenses	-2,675	-186
	Profit before tax	20,006	3,274
4	Tax for the year	-5,119	41
	Profit for the year	14,887	3,315

Recommended appropriation of profit		
Proposed dividend recognised under equity	1,600	0
Extraordinary dividend distributed in the year	34,500	0
Retained earnings/accumulated loss	-21,213	3,315
	14,887	3,315

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	ASSETS		
	Non-current assets		
	Intangible assets		
	Goodwill	7,001	0
		7,001	0
	Property, plant and equipment		
	Fixtures and fittings, other plant and equipment	119	0
		119	0
	Financial assets		
	Investments in group enterprises	4,942	16,460
	Deposits, investments	350	0
		5,292	16,460
	Total non-current assets	12,412	16,460
	Current assets		
	Inventories		
	Finished goods and goods for resale	30,314	0
		30,314	0
	Receivables		
	Trade receivables	51,669	0
	Receivables from group enterprises	4,779	0
	Corporation tax receivable	0	41
	Other receivables	936	0
	Prepayments	13	0
		57,397	41
	Cash	25	499
	Total current assets	87,736	540
	TOTAL ASSETS	100,148	17,000

Financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	2017	2016
	EQUITY AND LIABILITIES		
	Equity		
5	Share capital	617	500
	Share premium account	0	0
	Retained earnings	31,525	3,315
	Dividend proposed	1,600	0
	Total equity	33,742	3,815
	Non-current liabilities		
	Deferred tax	297	0
	Total non-current liabilities	297	0
	Current liabilities		
	Trade payables	10,430	0
	Payables to group enterprises	52,410	13,185
	Corporation tax payable	1,818	0
	Other payables	1,451	0
	Total current liabilities	66,109	13,185
	Total liabilities	66,406	13,185
	TOTAL EQUITY AND LIABILITIES	100,148	17,000

1 Accounting policies
6 Contractual obligations and contingencies, etc.
7 Collateral
8 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK'000	Share capital	Share premium account	Retained earnings	Dividend proposed	Total
Equity at 1 January 2017	500	0	3,315	0	3,815
Additions on merger/corporate acquisition	55	0	47,744	0	47,799
Capital increase	62	1,963	0	0	2,025
Transfer through appropriation of profit	0	0	13,287	1,600	14,887
Transferred from share premium account	0	-1,963	1,963	0	0
Adjustment of investments through forreign exchange adjustments	0	0	-284	0	-284
Extraordinary dividend distributed in the year	0	0	-34,500	0	-34,500
Equity at 31 December 2017	617	0	31,525	1,600	33,742

The equity at 1 January 2017 has changed by DKK 3,960 thousand due to changes in the accounting policy.

Financial statements 1 January - 31 December

Notes to the financial statements

1 **Accounting policies**

The annual report of Grene Wind Industry Supplies A/S for 2017 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Changes in accounting policies

Investments in susidaries will be mesasured accourding to the equity method as against previously at cost. In the income statement a proportionate share of the underlying entities' profit/loss after tax is recognised as against previously where received dividend was recognised.

The changes in the accounting policies caused an increase in the results of operation before tax by DKK 281 thousand and the results of operation after tax by DKK 281 thousand. Equity at 31 December 2017 decreased by DKK 3 thousand.

The accounting policies used in the preparation of the financial statements are otherwise consistent with those of last year. Comparative figures have been restated to reflect the policy changes. The effect on equity at 1 January 2017 implied an increase of DKK 3,960 thousand.

Change in the Company's activities, including effect of intra-group business combinations

The Company has carried out two intra-group business combinations applying the book value method, which does not require restatement of comparative figures. Consequently, comparative figures for previous financial years have not been restated.

The intra-group combinations implied a merger with Jonic af 1993 A/S and a demerger from the sister company, KRAMP Danmark A/S regarding the activity with customised solutions for the global wind turbine industry. The effect of these combinations has been significant and the financial statements for the year are therefore not comparable with last year.

Reporting currency

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

Intra-group business combinations

The book value method is applied to business combinations such as acquisition and disposal of investments, mergers, demergers, contributions of assets and share conversions, etc. in which entities controlled by the parent company are involved, provided that the combination is considered completed at the time of acquisition without any restatement of comparative figures. Differences between the agreed consideration and the carrying amount of the acquiree are recognised directly in equity.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer and provided the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2010.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Gross margin

The items revenue, change in inventories of finished goods, other operating income and external expenses have been aggregated into one item in the income statement called gross margin in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

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

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and plant and equipment.

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

Goodwill	3 years
Fixtures and fittings, other plant and equipment	4-10 years

Income from investments in subsidiaries

The item includes dividend received from subsidiaries in so far as the dividend does not exceed the accumulated earnings in the subsidiary in the period of ownership.

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

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

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

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

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

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

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

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

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

Dividend received is deduced from the carrying amount.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

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

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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

Prepayments

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

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Equity

Proposed dividends

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

Income taxes

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

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

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

Financial statements 1 January - 31 December

Notes to the financial statements

	DKK'000	2017 12 months	2016 6 months
2	**Staff costs**		
	Wages/salaries	6,314	0
	Pensions	421	0
	Other social security costs	64	0
		6,799	0
	Average number of full-time employees	12	0
3	**Financial expenses**		
	Interest expenses, group entities	1,092	185
	Other financial expenses	1,583	1
		2,675	186
4	**Tax for the year**		
	Estimated tax charge for the year	4,847	-41
	Deferred tax adjustments in the year	272	0
		5,119	-41

5 **Share capital**

Analysis of changes in the share capital over the past 2 years:

DKK'000	2017	2016
Opening balance	500	500
Capital increase	117	0
	617	500

6 **Contractual obligations and contingencies, etc.**

Other financial obligations

Rent and lease liabilities include a rent obligation totalling DKK 795 thousand in interminable rent agreements with remaining contract terms of 12 months. Furthermore, the Company has liabilities under operating leases for cars and IT equipment, totalling DKK 163 thousand, with remaining contract terms of 0-4 years.

7 **Collateral**

The Company has not provided any security or other collateral in assets at 31 December 2017.

Financial statements 1 January - 31 December

Notes to the financial statements

8 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Kramp Groep B.V.	Breukelaarweg 33, NL-7050 AA Varsseveld, Netherlands	For the consolidated financial statement contact KRAMP Danmark A/S