

PolyTech Manufacturing A/S

Industrivej 37
6740 Bramming
Business Registration No
39972662

Annual report 2018

The Annual General Meeting adopted the annual report on 07.06.2019

Chairman of the General Meeting

Name: Knud Andersen

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Entity details

Entity

PolyTech Manufacturing A/S
Industrivej 37
6740 Bramming

Central Business Registration No (CVR): 39972662

Registered in: Esbjerg

Financial year: 01.01.2018 - 31.12.2018

Board of Directors

Knud Andersen, Chairman
Bjarne Kveim Lie
Matthias Albert Harmen Schubert

Executive Board

Mads Kirkegaard

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Dokken 8
Postbox 200
6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PolyTech Manufacturing A/S for the financial year 01.01.2018 - 31.12.2018.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018.

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.

Bramming, 21.03.2019

Executive Board

Mads Kirkegaard

Board of Directors

Knud Andersen

Bjarne Kveim Lie

Matthias Albert Harmen
Schubert

Chairman

Independent auditor's report

To the shareholder of PolyTech Manufacturing A/S

Opinion

We have audited the financial statements of PolyTech Manufacturing A/S for the financial year 01.01.2018 - 31.12.2018, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2018 and of the results of its operations for the financial year 01.01.2018 - 31.12.2018 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the financial statements section of this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

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

Esbjerg, 21.03.2019

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Nikolaj Thomsen
State Authorised Public Accountant
Identification No (MNE) mne33276

Mikael Grosbøl
State Authorised Public Accountant
Identification No (MNE) mne33707

Management commentary

	2018
	DKK'000
Financial highlights	
Key figures	
Gross profit	98,337
Operating profit/loss	13,133
Net financials	(160)
Profit/loss for the year	10,118
Total assets	99,756
Investments in property, plant and equipment	67,227
Equity	18,471
Ratios	
Return on equity (%)	54.8
Equity ratio (%)	18.5

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

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The objective of the Company is to carry on business within the fields of manufacturing and distribution of polymeric and metal products and any associated equipment and tools as well as any other activities that the Board of Directors deems ancillary or related hereto.

Development in activities and finances

Profit for the year amounts to DKK 10.118k. On 31 December 2018 equity stands at DKK 18.416k.

The Company has been established with a contribution of assets and liabilities from the Manufacturing activities at PolyTech A/S. The company started 26 October 2018 with accounting start date 1 January 2018.

Outlook

The company expect a result in line with the 2018 result.

Particular risks

The majority of the Company's payables to credit institutions constitute floating rate payables.

Environmental performance

The Company is certified to

ISO 9001:2015 Quality Management Systems

ISO 14001:2015 Environmental Management System

ISO 29001 Quality Management System within the Oil & Gas Industry

which is subject to inspection on a current basis to ensure a constant monitoring of the Company's quality.

The management systems are examined and updated on a current basis to ensure improvement on key parameters.

Events after the balance sheet date

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

Income statement for 2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>
Gross profit		98,337
Staff costs	1	(66,864)
Depreciation, amortisation and impairment losses	2	<u>(18,340)</u>
Operating profit/loss		13,133
Other financial expenses	3	<u>(160)</u>
Profit/loss before tax		12,973
Tax on profit/loss for the year	4	<u>(2,855)</u>
Profit/loss for the year	5	<u>10,118</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>
Other fixtures and fittings, tools and equipment		46,824
Leasehold improvements		1,708
Property, plant and equipment in progress		<u>181</u>
Property, plant and equipment	6	<u>48,713</u>
Fixed assets		<u>48,713</u>
Raw materials and consumables		14,977
Manufactured goods and goods for resale		<u>31,693</u>
Inventories		<u>46,670</u>
Prepayments	7	<u>3,980</u>
Receivables		<u>3,980</u>
Cash		<u>393</u>
Current assets		<u>51,043</u>
Assets		<u>99,756</u>

Balance sheet at 31.12.2018

	<u>Notes</u>	<u>2018</u> <u>DKK'000</u>
Contributed capital	8	1,000
Retained earnings		<u>17,471</u>
Equity		<u>18,471</u>
Deferred tax		<u>391</u>
Provisions		<u>391</u>
Finance lease liabilities		<u>6,030</u>
Non-current liabilities other than provisions	9	<u>6,030</u>
Current portion of long-term liabilities other than provisions	9	5,037
Trade payables		26,971
Payables to group enterprises		35,910
Income tax payable		3,213
Other payables		<u>3,733</u>
Current liabilities other than provisions		<u>74,864</u>
Liabilities other than provisions		<u>80,894</u>
Equity and liabilities		<u>99,756</u>
Contingent liabilities	10	
Assets charged and collateral	11	
Related parties with controlling interest	12	
Transactions with related parties	13	
Group relations	14	

Statement of changes in equity for 2018

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Contributed upon formation	1,000	7,353	8,353
Profit/loss for the year	0	10,118	10,118
Equity end of year	1,000	17,471	18,471

Notes

	2018
	DKK'000
1. Staff costs	
Wages and salaries	60,585
Pension costs	4,762
Other social security costs	1,437
Other staff costs	80
	66,864
Average number of employees	146
	2018
	DKK'000
2. Depreciation, amortisation and impairment losses	
Depreciation of property, plant and equipment	18,341
Profit/loss from sale of intangible assets and property, plant and equipment	(1)
	18,340
	2018
	DKK'000
3. Other financial expenses	
Other financial expenses	160
	160
	2018
	DKK'000
4. Tax on profit/loss for the year	
Current tax	3,213
Change in deferred tax	(358)
	2,855
	2018
	DKK'000
5. Proposed distribution of profit/loss	
Retained earnings	10,118
	10,118

Notes

	Other fixtures, tools and equipment DKK'000	Leasehold improve- ments DKK'000	Property, plant and equipment in progress DKK'000
6. Property, plant and equipment			
Addition through business combinations etc	53,426	3,011	3,555
Transfers	8,267	0	(8,267)
Additions	2,342	0	4,893
Disposals	(237)	0	0
Cost end of year	63,798	3,011	181
Depreciation for the year	(17,038)	(1,303)	0
Reversal regarding disposals	64	0	0
Depreciation and impairment losses end of year	(16,974)	(1,303)	0
Carrying amount end of year	46,824	1,708	181
Recognised assets not owned by entity	8,215	-	-
7. Prepayments			
Prepayments consist of prepaid expenses.			
	Number	Par value DKK'000	Nominal value DKK'000
8. Contributed capital			
Share capital	1,000,000	1	1,000
	1,000,000		1,000
		Due within 12 months 2018 DKK'000	Due after more than 12 months 2018 DKK'000
9. Liabilities other than provisions			
Finance lease liabilities		5,037	6,030
		5,037	6,030

Notes

10. Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which VC VII Jupiter Holding ApS serves as the administration company and has previously participated in another Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The total known net liability of the jointly taxed entities under the joint taxation arrangement is evident from the administration company's financial statements.

11. Assets charged and collateral

Bank loans are secured by way of a registered company charge of DKK 20,000k nominal. Total withdrawal on the banking arrangements amounts to DKK 12,483k at 31 December 2018.

12. Related parties with controlling interest

VC VIII Polytech Holding ApS, Denmark owns all the shares and thus controls the Company.

13. Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on an arm's length basis.

14. Group relations

Name and registered office of the Parent preparing consolidated financial statements for the smallest group: Winds Holding AS, reg. no. 917 105 839, Oslo, Norway.

Accounting policies

Reporting class

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

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.

Business combinations

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc where 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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

Accounting policies

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.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Accounting policies

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

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	3-10 years
Other fixtures and fittings, tools and equipment	3-6 years
Leasehold improvements	7 years

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.

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 of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as 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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Deferred tax

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

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

Accounting policies

Finance 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.

Operating leases

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

Other financial liabilities

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

Income tax receivable or payable

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

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the Company has not prepared a cash flow statement as it is included in the group cash flow statement of Winds Holdings AS.