
ProCon Group ApS

Klamsagervej 16, 1., DK-8230 Åbyhøj

Annual Report for 1 January - 31 December 2020

CVR No 40 10 70 10

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
7 /7 2021

Carl Erik Skovgaard
Chairman of the General
Meeting



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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of ProCon Group ApS for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Åbyhøj, 7 July 2021

Executive Board

Claus Jørgen Søgaard Poulsen

Board of Directors

Lars Kramer

Claus Jørgen Søgaard Poulsen

Frederik Søgaard Poulsen

Klaus Toftgaard Spens

Carl Erik Skovgaard

Niels Brix

Independent Auditor's Report

To the Shareholder of ProCon Group ApS

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ProCon Group ApS for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity 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 Financial Statements").

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 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.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

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

Independent Auditor's Report

Management's responsibilities for 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 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 Group's and 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 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 Financial Statements

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

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

- 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 and the Group'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 Group's and 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

Independent Auditor's Report

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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 7 July 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Roding

statsautoriseret revisor

mne33714

Company Information

The Company

ProCon Group ApS
Klamsagervej 16, 1.
DK-8230 Åbyhøj

CVR No: 40 10 70 10
Financial period: 1 January - 31 December
Municipality of reg. office: Aarhus

Board of Directors

Lars Kramer
Claus Jørgen Søgaard Poulsen
Frederik Søgaard Poulsen
Klaus Toftgaard Spens
Carl Erik Skovgaard
Niels Brix

Executive Board

Claus Jørgen Søgaard Poulsen

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Nobelparken
Jens Chr. Skous Vej 1
DK-8000 Aarhus C

Financial Highlights

Seen over a two-year period, the development of the Group is described by the following financial highlights:

	Group	
	2020 TDKK	2018/19 TDKK
Key figures		
Profit/loss		
EBITDA	4,367	7,860
Operating profit/loss	931	4,764
Profit/loss before financial income and expenses	931	4,764
Net financials	-2,678	-2,916
Profit/loss from discontinuing activities	0	-1,304
Net profit/loss for the year	-1,455	13
Balance sheet		
Balance sheet total	74,484	56,235
Equity	-2,376	-1,427
Cash flows		
Cash flows from:		
- operating activities	9,655	-10,907
- investing activities	-299	-31,916
including investment in property, plant and equipment	-68	-2,663
- financing activities	-2,220	44,059
Change in cash and cash equivalents for the year	7,136	1,236
Number of employees	33	26
Ratios		
Return on assets	1.2%	8.5%
Solvency ratio	-3.2%	-2.5%
Return on equity	76.5%	-1.8%

Management's Review

Group activities

ProCon Group ApS' main activity is the ownership of ProCon Wind Energy A/S and ProCon Technic A/S. ProCon Wind Energy A/S are specialists in providing custom-built electrical solutions and technical equipment to the global wind industry, both onshore and offshore. ProCon Technic A/S are developing solar power projects as well as other activities within renewables.

Departments & knowledge resources

The most important knowledge resources are related to considerable competence in the development, design and production and marketing of electrical engineering solutions for the global wind industry, solar power and other renewables.

Development in the year

The income statement for the Group and Parent for 2020 shows a negative result of DKK 1,455,461, and a negative equity at December 31, 2020 of DKK 2,376,279.

Management considers revenue development and profit to be satisfactory considering the Covid-19 pandemic.

Future Activities & Expectations for the coming year

ProCon Group ApS expects increased activity and revenue in 2021 as well as a satisfactory result.

Operating risks

ProCon Group's sales are mainly order sales through own channels in Europe. Geographically, the risk is sought to be spread through an increased focus on acquiring knowledge of the ProCon Wind Energy and ProCon Technic brands by building and developing good relationships with the leading players in renewables globally.

Foreign exchange risks

Foreign currency purchases and sales are primarily in EUR, USD and GBP. Exchange rate developments are estimated to have some influence on the company's results. ProCon Group currently uses some financial instruments to hedge this risk.

Interest rate risks

It is the company's policy to identify all significant financial risks. ProCon Group uses financial instruments to hedge against significant interest rate increases where relevant and significant.

Management's Review

Credit risks

Credit risk is linked to trade receivables. The amounts with which the said balance sheet items are included in the annual report are identical to the maximum risk.

Research and development

In addition to the continuous development of electrical engineering solutions for the global wind industry, there is considerable activity in connection with technical product adaptation to specific customer requirements.

External environment

ProCon Group considers environmentally responsible behavior as one of the prerequisites for future business success. ProCon Group constantly develops products and processes to minimize the impact on the external environment.

Uncertainty relating to recognition and measurement

There are no circumstances that have led to significant uncertainty in recognition and measurement.

Events after the balance sheet date

In 2020, ProCon Group decided to look for an investor that could support ProCon's further growth. After discussions and dialogues with several interested parties, ProCon Group chose to go forward with Integrated Wind Solutions AS (IWS) from Norway. IWS offers a fleet of state-of-the-art service vessels to the offshore wind industry combined with a suite of adhering services, to reduce levelized cost of energy (LCOE) for offshore wind, which complements ProCon's ambitions and solutions – ensuring a strong partnership.

Consequently, an investment agreement has been made in 2021 where IWS will contribute DKK 60,000,000 in cash as additional capital to ProCon Group.

"Today's announcement is the first steppingstone towards our ambition to become the leading provider of integrated service solutions in the offshore wind sector. We are impressed with ProCon's journey so far and look forward to partnering with ProCon's founder to enhancing its future success. The acquisition of ProCon will in effect be our first investment under the IWS Services division portfolio, and it is the perfect opportunity to further accelerate our growth plans as service solution providers to our offshore wind clients", Lars-Henrik Røren, CEO of Integrated Wind Solutions AS.

Income Statement

1 January - 31 December 2020

	Note	Group		Parent	
		2020 DKK	2018/19 DKK	2020 DKK	2018/19 DKK
Gross profit/loss		43,089,917	28,557,854	-68,987	-177,115
Staff expenses	2	-38,722,819	-20,697,371	0	0
EBITDA		4,367,098	7,860,483	-68,987	-177,115
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-3,435,607	-3,096,799	0	0
Profit/loss before financial income and expenses		931,491	4,763,684	-68,987	-177,115
Income from investments in subsidiaries		0	0	-200,391	1,333,649
Financial income	3	186,873	113,671	0	0
Financial expenses	4	-2,864,566	-3,030,081	-1,504,822	-1,520,813
Profit/loss before tax		-1,746,202	1,847,274	-1,774,200	-364,279
Tax on profit/loss for the year	5	290,741	-530,120	318,739	373,544
Profit/loss from continuing activities		-1,455,461	1,317,154	-1,455,461	9,265
Profit/loss from discontinuing activities	6	0	-1,304,161	0	0
Net profit/loss for the year		-1,455,461	12,993	-1,455,461	9,265

Balance Sheet 31 December 2020

Assets

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Acquired licenses		434,566	242,394	0	0
Goodwill		22,956,667	25,796,667	0	0
Intangible assets	7	23,391,233	26,039,061	0	0
Other fixtures and fittings, tools and equipment		1,530,281	2,095,392	0	0
Leasehold improvements		56,485	63,039	0	0
Property, plant and equipment	8	1,586,766	2,158,431	0	0
Investments in subsidiaries	9	0	0	28,153,175	27,779,403
Deposits	10	106,648	56,213	0	0
Fixed asset investments		106,648	56,213	28,153,175	27,779,403
Fixed assets		25,084,647	28,253,705	28,153,175	27,779,403
Inventories		193,312	193,312	0	0
Trade receivables		15,804,294	22,710,182	0	0
Contract work in progress	11	21,342,999	1,902,200	0	0
Other receivables		2,977,502	1,226,003	0	0
Deferred tax asset	14	399,705	269,412	265,289	373,544
Corporation tax		0	0	426,994	0
Prepayments	12	309,207	343,347	0	0
Receivables		40,833,707	26,451,144	692,283	373,544
Cash at bank and in hand		8,372,798	1,236,362	262	71
Assets relating to discontinued activities	6	0	99,995	0	0
Current assets		49,399,817	27,980,813	692,545	373,615
Assets		74,484,464	56,234,518	28,845,720	28,153,018

Balance Sheet 31 December 2020

Liabilities and equity

	Note	Group		Parent	
		2020 DKK	2019 DKK	2020 DKK	2019 DKK
Share capital		50,000	50,000	50,000	50,000
Revaluation reserve		-30,680	0	-30,680	0
Reserve for net revaluation under the equity method		0	0	153,175	0
Retained earnings		-2,395,599	-1,512,723	-2,548,774	-1,512,723
Equity attributable to shareholders of the Parent Company		-2,376,279	-1,462,723	-2,376,279	-1,462,723
Minority interests		0	35,983	0	0
Equity		-2,376,279	-1,426,740	-2,376,279	-1,462,723
Other payables		31,299,397	34,121,359	27,043,957	26,716,902
Long-term debt	15	31,299,397	34,121,359	27,043,957	26,716,902
Credit institutions		12,824,696	11,239,404	0	0
Trade payables		15,898,310	3,084,194	0	0
Contract work in progress, liabilities	11	8,955,969	3,399,898	0	0
Payables to group enterprises		0	0	1,518,405	902,000
Corporation tax		0	427	0	0
Other payables	15	7,882,371	5,424,741	2,659,637	1,996,839
Liabilities relating to discontinued activities	6	0	391,235	0	0
Short-term debt		45,561,346	23,539,899	4,178,042	2,898,839
Debt		76,860,743	57,661,258	31,221,999	29,615,741
Liabilities and equity		74,484,464	56,234,518	28,845,720	28,153,018
Going concern	1				
Distribution of profit	13				
Contingent assets, liabilities and other financial obligations	18				
Related parties	19				
Accounting Policies	20				

Statement of Changes in Equity

Group

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2020	50,000	0	0	-1,512,723	-1,462,723	35,983	-1,426,740
Exchange adjustments	0	-30,680	0	0	-30,680	0	-30,680
Changes in minority interests	0	0	0	0	0	-32,257	-32,257
Fair value adjustment of hedging instruments, end of year	0	0	0	729,306	729,306	0	729,306
Tax on adjustment of hedging instruments for the year	0	0	0	-160,447	-160,447	0	-160,447
Transfer	0	0	0	3,726	3,726	-3,726	0
Net profit/loss for the year	0	0	0	-1,455,461	-1,455,461	0	-1,455,461
Equity at 31 December 2020	50,000	-30,680	0	-2,395,599	-2,376,279	0	-2,376,279

Statement of Changes in Equity

Parent

	Share capital	Revaluation reserve	Reserve for net revaluation under the equity method	Retained earnings	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January 2020	50,000	0	0	-1,512,723	-1,462,723	0	-1,462,723
Exchange adjustments	0	-30,680	0	0	-30,680	0	-30,680
Fair value adjustment of hedging instruments, end of year	0	0	733,032	0	733,032	0	733,032
Tax on adjustment of hedging instruments for the year	0	0	-160,447	0	-160,447	0	-160,447
Net profit/loss for the year	0	0	-419,410	-1,036,051	-1,455,461	0	-1,455,461
Equity at 31 December 2020	50,000	-30,680	153,175	-2,548,774	-2,376,279	0	-2,376,279

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 DKK	2018/19 DKK
Net profit/loss for the year		-1,455,461	12,993
Adjustments	16	5,791,879	6,171,610
Change in working capital	17	7,996,466	-14,174,974
Cash flows from operating activities before financial income and expenses		12,332,884	-7,990,371
Financial income		186,873	113,671
Financial expenses		-2,864,565	-3,030,083
Cash flows from ordinary activities		9,655,192	-10,906,783
Corporation tax paid		-427	0
Cash flows from operating activities		9,654,765	-10,906,783
Purchase of intangible assets		-313,006	-28,689,269
Purchase of property, plant and equipment		-68,008	-2,663,128
Fixed asset investments made etc		-82,692	-56,213
Sale of property, plant and equipment		164,900	60,000
Sale of fixed asset investments etc		0	32,259
Business acquisition		0	-600,000
Cash flows from investing activities		-298,806	-31,916,351
Repayment of other long-term debt		-3,513,575	0
Termination of discontinued activities		-291,240	0
Raising of loans from credit institutions		1,585,292	9,888,137
Raising of other long-term debt		0	34,121,359
Cash capital increase		0	50,000
Cash flows from financing activities		-2,219,523	44,059,496
Change in cash and cash equivalents		7,136,436	1,236,362
Cash and cash equivalents at 1 January 2020		1,236,362	0
Cash and cash equivalents at 31 December 2020		8,372,798	1,236,362
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		8,372,798	1,236,362
Cash and cash equivalents at 31 December 2020		8,372,798	1,236,362

Notes to the Financial Statements

1 Going concern

Equity is negative at 31 December 2020. In July 2021 an investment agreement has been signed, where Integrated Wind Solutions AS will contribute DKK 60,000,000 in cash as additional capital to ProCon Group ApS. As a consequence of the capital increase, Management expects to have a sufficient cash pool to complete the planned activities. Therefore the annual report has been prepared under the going concern assumption.

	Group		Parent	
	2020 DKK	2018/19 DKK	2020 DKK	2018/19 DKK
2 Staff expenses				
Wages and salaries	35,369,346	17,521,209	0	0
Pensions	2,591,928	2,432,286	0	0
Other social security expenses	227,860	183,737	0	0
Other staff expenses	533,685	560,139	0	0
	38,722,819	20,697,371	0	0
Average number of employees	33	26	0	0
3 Financial income				
Other financial income	36,062	113,671	0	0
Exchange gains	150,811	0	0	0
	186,873	113,671	0	0
4 Financial expenses				
Interest paid to group enterprises	0	0	17,405	0
Other financial expenses	2,864,566	3,030,081	1,487,417	1,520,813
	2,864,566	3,030,081	1,504,822	1,520,813

Notes to the Financial Statements

	Group		Parent	
	2020	2018/19	2020	2018/19
	DKK	DKK	DKK	DKK
5 Tax on profit/loss for the year				
Current tax for the year	0	0	-426,994	0
Deferred tax for the year	-318,241	530,120	80,755	-373,544
Adjustment of deferred tax concerning previous years	27,500	0	27,500	0
	-290,741	530,120	-318,739	-373,544

	Group	
	2020	2018/19
	DKK	DKK
6 Discontinuing activities		
Gross profit/loss	0	-528,870
Staff expenses	0	-1,118,711
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	0	-15,320
Profit/loss before tax	0	-1,662,901
Tax on profit/loss for the year	0	358,740
Profit/loss from discontinuing activities	0	-1,304,161
Fixed asset investments	0	32,500
Fixed assets	0	32,500
Receivables	0	67,495
Currents assets	0	67,495
Assets relating to discontinued activities	0	99,995
Debt	0	391,235
Liabilities relating to discontinued activities	0	391,235

Notes to the Financial Statements

7 Intangible assets

Group

	Acquired licenses <u>DKK</u>	Goodwill <u>DKK</u>
Cost at 1 January 2020	289,269	28,400,000
Additions for the year	266,339	0
Cost at 31 December 2020	<u>555,608</u>	<u>28,400,000</u>
Impairment losses and amortisation at 1 January 2020	46,875	2,603,333
Amortisation for the year	74,167	2,840,000
Impairment losses and amortisation at 31 December 2020	<u>121,042</u>	<u>5,443,333</u>
Carrying amount at 31 December 2020	<u>434,566</u>	<u>22,956,667</u>
Amortised over	<u>3 years</u>	<u>10 years</u>

8 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January 2020	2,644,089	65,520
Additions for the year	114,675	0
Disposals for the year	-242,259	0
Cost at 31 December 2020	<u>2,516,505</u>	<u>65,520</u>
Impairment losses and depreciation at 1 January 2020	458,370	2,481
Depreciation for the year	527,854	6,554
Impairment losses and depreciation at 31 December 2020	<u>986,224</u>	<u>9,035</u>
Carrying amount at 31 December 2020	<u>1,530,281</u>	<u>56,485</u>
Depreciated over	<u>3-5 years</u>	<u>10 years</u>

Notes to the Financial Statements

	Parent	
	2020 DKK	2019 DKK
9 Investments in subsidiaries		
Cost at 1 January 2020	27,967,742	0
Additions for the year	32,258	27,967,742
Cost at 31 December 2020	28,000,000	27,967,742
Value adjustments at 1 January 2020	-188,339	0
Exchange adjustment	-30,680	0
Net profit/loss for the year	-200,391	1,333,649
Fair value adjustment of hedging instruments for the year	568,859	0
Other equity movements, net	0	-1,521,988
Other adjustments	3,726	0
Reversals for the year of revaluations in previous years	0	0
Value adjustments at 31 December 2020	153,175	-188,339
Carrying amount at 31 December 2020	28,153,175	27,779,403

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
ProCon Technic A/S	Aarhus	100%
ProCon Wind Energy A/S	Aarhus	100%
ProCon Wind Energy Ltd.	Great Britain	100%
ProCon Wind Energy GmbH	Germany	100%
ProCon Wind Energy Sp.z.o.o.	Poland	100%
ProCon Wind Energy Taiwan Co., Ltd.	Taiwan	100%
ProCon Wind Energy USA Inc.	USA	100%

Notes to the Financial Statements

10 Other fixed asset investments

	<u>Group</u> Deposits DKK
Cost at 1 January 2020	56,213
Additions for the year	<u>50,435</u>
Cost at 31 December 2020	<u>106,648</u>
Carrying amount at 31 December 2020	<u>106,648</u>

	<u>Group</u>		<u>Parent</u>	
	2020 DKK	2019 DKK	2020 DKK	2019 DKK
11 Contract work in progress				
Selling price of work in progress	36,055,999	20,112,007	0	0
Payments received on account	<u>-23,668,969</u>	<u>-21,603,705</u>	<u>0</u>	<u>0</u>
	<u>12,387,030</u>	<u>-1,491,698</u>	<u>0</u>	<u>0</u>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	21,342,999	1,902,200	0	0
Prepayments received recognised in debt	<u>-8,955,969</u>	<u>-3,399,898</u>	<u>0</u>	<u>0</u>
	<u>12,387,030</u>	<u>-1,497,698</u>	<u>0</u>	<u>0</u>

12 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

Notes to the Financial Statements

	Group		Parent	
	2020 DKK	2018/19 DKK	2020 DKK	2018/19 DKK
13 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	-419,410	0
Minority interests' share of net profit/loss of subsidiaries	0	3,726	0	0
Retained earnings	-1,455,461	9,267	-1,036,051	9,265
	-1,455,461	12,993	-1,455,461	9,265

14 Deferred tax asset

Deferred tax asset at 1 January 2020	269,412	0	373,544	0
Amounts recognised in the income statement for the year	318,241	-171,380	-80,755	373,544
Amounts recognised in equity for the year	-187,948	-98,032	-27,500	0
Deferred tax asset at 31 December 2020	399,705	269,412	265,289	373,544

The deferred tax asset comprises of temporary taxable differences which also includes taxable losses from previous years.

15 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

Other payables

After 5 years	17,125,787	16,586,667	17,125,787	14,385,000
Between 1 and 5 years	14,173,610	17,534,692	9,918,170	12,331,902
Long-term part	31,299,397	34,121,359	27,043,957	26,716,902
Within 1 year	3,403,926	2,465,298	2,382,967	1,668,098
Other short-term payables	4,478,445	2,959,443	276,670	328,741
Short-term part	7,882,371	5,424,741	2,659,637	1,996,839
	39,181,768	39,546,100	29,703,594	28,713,741

Notes to the Financial Statements

	Group	
	2020	2018/19
	DKK	DKK
16 Cash flow statement - adjustments		
Financial income	-186,873	-113,671
Financial expenses	2,864,566	3,030,081
Depreciation, amortisation and impairment losses, including losses and gains on sales	3,435,607	3,094,906
Tax on profit/loss for the year	-290,741	160,294
Other adjustments	-30,680	0
	5,791,879	6,171,610

17 Cash flow statement - change in working capital

Change in inventories	0	-193,312
Change in receivables, contract works, etc	-13,522,964	-22,710,182
Change in trade payables, contract works, etc	20,790,124	8,728,520
Fair value adjustments of hedging instruments	729,306	0
	7,996,466	-14,174,974

	Group		Parent	
	2020	2019	2020	2019
	DKK	DKK	DKK	DKK
18 Contingent assets, liabilities and other financial obligations				

Charges and security

The following assets have been placed as security with bankers and other payables:

Ownership mortgages totaling DKK 17,500,000, providing mortgages on goods receivables, inventory, intellectual property rights and other tangible fixed assets at a total carrying amount of	30,792,672	47,946,429	0	0
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Rental and lease obligations

The Company has entered into leasing and lease commitments for a total of DKK:

	1,629,809	1,553,815	0	0
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Notes to the Financial Statements

18 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Parent has issued a letter of unlimited surety in favour of the bank loans in ProCon Wind Energy A/S and ProCon Technic A/S.

A Group company has entered into forward exchange contracts in USD. The notional amount is TDKK 21,035 and the fair value as of 31.12.2020 is TDKK 729 in favour of the Company. The maturity date is 8 October 2021.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable by the Group amounts to DKK 0. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

19 Related parties

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

20 Accounting Policies

The Annual Report of ProCon Group ApS for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in DKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, ProCon Group ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

20 Accounting Policies (continued)

Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Business acquisitions carried through on or after 1 July 2018

Minority interests are initially measured at their proportionate share of the fair value of the acquired entity's identifiable net assets. In this way, only goodwill related to the Parent Company's share of the entity acquired is recognised.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

20 Accounting Policies (continued)

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Notes to the Financial Statements

20 Accounting Policies (continued)

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, expenses for raw materials and consumables and other external expenses.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with wholly owned Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

20 Accounting Policies (continued)

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 15k are expensed in the year of acquisition.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Notes to the Financial Statements

20 Accounting Policies (continued)

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of rent deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Notes to the Financial Statements

20 Accounting Policies (continued)

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Notes to the Financial Statements

20 Accounting Policies (continued)

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

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.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net 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 flows from investing activities

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

Cash flows 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 at bank and in hand".

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

Notes to the Financial Statements

20 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$