
ProCon Wind Energy A/S

Klamsagervej 16, 1., DK-8230 Åbyhøj

Annual Report for 1 January - 31 December 2020

CVR No 40 10 75 33

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 Wind Energy A/S 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 give a true and fair view of the financial position at 31 December 2020 of the Company and of the results of the Company operations 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

Niels Brix

Claus Jørgen Søgaard Poulsen

Lars Kramer

Klaus Toftgaard Spens

Carl Erik Skovgaard

Frederik Søgaard Poulsen

Independent Auditor's Report

To the Shareholder of ProCon Wind Energy A/S

Opinion

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

We have audited the Financial Statements of ProCon Wind Energy A/S 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 ("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 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 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review 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 in Management's Review.

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 misstate-

Independent Auditor's Report

ment, 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 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 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

Independent Auditor's Report

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.

Aarhus, 7 July 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Christian Roding

statsautoriseret revisor

mne33714

Company Information

The Company

ProCon Wind Energy A/S
Klamsagervej 16, 1.
DK-8230 Åbyhøj

CVR No: 40 10 75 33

Financial period: 1. January 2020 - 31 December 2020

Municipality of reg. office: Aarhus

Board of Directors

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

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 Company is described by the following financial highlights:

	<u>2020</u> TDKK	<u>2019</u> TDKK
Key figures		
Profit/loss		
Gross profit/loss	43.218	28.769
EBITDA	4.686	8.071
Profit/loss before financial income and expenses	1.256	4.992
Net financials	-1.143	-1.170
Net profit/loss for the year	22	2.867
Balance sheet		
Balance sheet total	66.182	55.804
Equity	30.927	30.367
Number of employees	33	26
Ratios		
Return on assets	1,9%	8,9%
Solvency ratio	46,7%	54,4%
Return on equity	0,1%	18,9%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

The annual report for ProCon Wind Energy A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act for medium-sized companies in accounting class C.

Business foundation and significant activities of: ProCon Wind Energy

- Specialists in providing custom-built electrical solutions and technical equipment to the global wind industry, both onshore and offshore.



Company introduction | Business Development | HSEQ & Sustainability | Uncertainty | Research & development | Events & Balance | Risks | Covid-19 | Future Activities & Expectations

ProCon

Management's Review

Company introduction

ProCon Wind Energy provides custom-built electrical solutions and technical equipment to the global renewable industries with speciality in the offshore and onshore wind industry as well as the solar industry.

Through its business units Construction, Engineering, Service and Solar, ProCon Wind Energy has gained a great track-record where its highly skilled and experienced technicians as well as staff have ensured quality on time at competitive prices.

Offering specialists solutions regarding design, engineering, pre-assembly, commissioning, installation (LV/MV/HV), tests, service, and maintenance within the electrical scope, ProCon has delivered solutions to more than 1400 transition pieces and jackets, which accounts for around 25% of today's installed offshore wind turbine foundations. Furthermore, ProCon Wind Energy has also worked on >850 WTGs and Substations, worked offshore for >500.000 hours, and delivered engineering solutions to several solar developers.

Quality, Health, Safety and Environment are important aspects of ProCon Wind Energy's business. Consequently, the company has a zero-incident culture, has obtained the international certifications of ISO9001, ISO14001, ISO45001, and is certified for its work with the UN's sustainable development goals.

The company DNA focuses on being the best on the market, decent in the way of doing business, streamlined to provide more effective solutions and flexible so it can go where and provide what the customers require.

Customers, partners, staff, etc. can find ProCon at its three locations in Denmark: Aalborg (HQ), Aarhus and Esbjerg, or at its subsidiaries/offices in Germany, UK, Poland, Belgium, Taiwan as well as in USA.

Overseeing ProCon and its ≈100 employees, is a professional board, while the management and coordination of the company is handled CEO Claus Søgaard, CFO Jesper Daugaard Nielsen, COO Claus Poulsen, and SB&BD Thomas Padfield. Collectively, they have more than 106 years of combined experience with the renewables industry, electrical solutions, and business development.



Noteworthy Business development of 2020

The start of 2020 was very positive business and project-wise for ProCon Wind Energy.

The company was providing its solutions on 10 different projects and did not experience any significant challenges regarding covid-19. This carried on until the beginning of the second half of the year where the regulations and challenges of covid-19 began to show its impact on the business, with development stagnating somewhat in Q3. Read more about this in the designated Covid-19 paragraph.

Despite of the ongoing Covid-19 pandemic, ProCon achieved all company must-win battles for 2020 and several important milestones, while retaining its customers and keeping its sites and operation running.

Management's Review

In terms of project completion and awards for ProCon's four different department, a number of noteworthy projects can be mentioned.

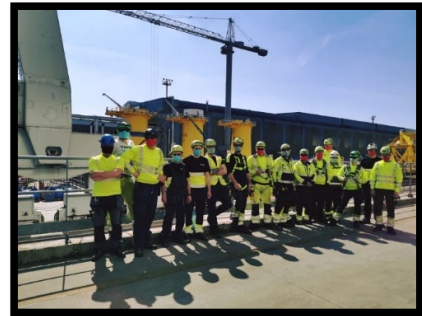
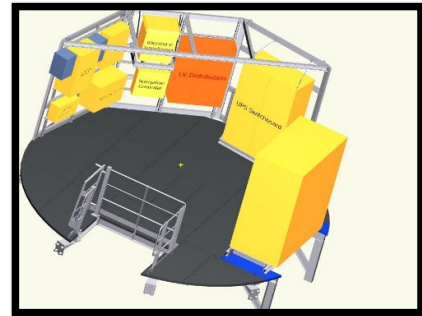
The Engineering department of ProCon carried on working on the Changfang and Xidao full scope foundation design, which reached PE certification in the very beginning of 2021. It was also awarded the full scope design regarding the Zong Neng foundations, and work started on this in Q4 of 2020.

ProCon's Construction department managed to complete the large electrical pre-assembly, installation, and commissioning projects of Danish Kriegers Flak for Bladt Industries; Yunlin for Smulders; and the projects of Hornsea 2 and Borssele I&II for EEW OSB. Regarding new projects, the Construction department was awarded Saint-Nazaire, Kaskasi and Changfang & Xidao. The installation work for the French project Saint-Nazaire started around Q3 in 2020 but only the purchasing started for the two other awarded projects.

In comparison, the situation of the company's Service department has been a bit different since it was decided by management to re-start the department just before the start of 2020. Consequently, much of 2020, in terms of Service, has been used to build up new and improve existing solutions as well as customer relations, and to develop a more competitive organization. To do this, a new Head of Service – HV/MV, Installation & Commissioning was appointed. The challenges of Covid-19 did not make it easy, but the company managed to land several interesting projects, pipeline projects, agreements, partnerships and talks through a clear strategy and a focus on providing solutions regarding HV/HV work, WTG installation, niche components and inspection & maintenance campaigns. Examples of awarded and started service projects in 2020 are the GUS commissioning campaign for Pict Offshore and Ørsted on Hornsea 2 and the onshore HV/MV termination and testing in relation to the Nysater and Ljyngbyholm projects in Sweden for Windhoist and Nordex, respectively.

2020 was also used to develop a Solar department within ProCon Group – a must-win battle for 2020. The reason for this was based on the inhouse experience with delivering 750 smaller solar systems for households, 248 medium solar systems for industry as well as two large solar farms – each on 50 acres with 130.000 panels, producing 55 Megawatt. This knowledge and experience, along with the company's electrical expertise obtained in the renewables industry, has sought to be exploited. For a satisfactory start, ProCon has managed to successfully enter the supply chain, enter relevant partnerships and be awarded several solar engineering projects for 3 different solar developers.

Another challenge that 2020 provided was and is the case of Brexit as well as the new IR35 regulations in the UK. Fortunately, ProCon Wind Energy has an established company in the UK and it entered into



Management's Review

partnership with the UK-based company C-Power Energy in 2019 to deal with Brexit. However, to further meet the requirements regarding these and to become more localized, ProCon started looking into establishing a local UK organization in 2020 – something which will be completed in 2021.

Similarly, ProCon Wind Energy succeeded in establishing a US subsidiary with a company office in Port of New Bedford, Massachusetts in 2020. In relation to this development, ProCon started an advisory board in Denmark for danish businesses with interest in the US offshore wind market, and has made an agreement with a General Manager, who will start in the second half of 2021.

The company's local presence and activities as well as ProCon's work on the Coastal Virginia Project have ensured a steady flow of enquires and tender requests that follow the positive development which the US market is currently undergoing.



Another market which ProCon has succeeding in entering is the APAC offshore wind market, especially the market of Taiwan. This can be highlighted since ProCon established a local organization in Taiwan because it landed its first large electrical Construction project with production outside of Europe, the Changfang & Xidao Project for Bladt Industries and Century Windpower. ProCon's design task related to the project, its work on the Taiwanese project Yunlin and the increased requests from the region were also major contributors in the strategical decision of establishing ProCon Wind Energy Taiwan Co., Ltd with a local office, a local General Manager, and local technicians.

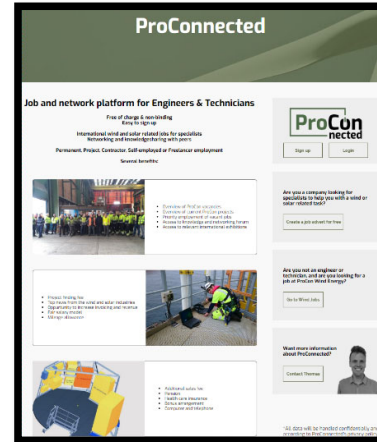


Going forward, ProCon's Taiwan setup will be used as a hub for the development of the rest of the region and the solutions provided in it. In relation to this, the benefit of becoming more localized and price competitive already became apparent in 2020 where ProCon was awarded the aforementioned design scope of the Zong Neng project. It also received more enquiries from Taiwan and the surrounding countries of Japan, South Korea, Vietnam and China.

Management's Review

Apart from noteworthy business development regarding projects, solutions and new markets, ProCon Wind Energy has also used significant resources in 2020 to improve existing and implement systems as well as processes to ensure that the company continuously meets customer and market requirements. This is especially the case in terms of digitalization, where ProCon began to develop a stronger digital/virtual footprint both internally and externally.

One of the initiatives developed is ProCon's online job and networking platform for technicians and electrical engineers, called [ProConnected](#). It provides ProCon with an adequate workforce and a bank of competent CVs to present to customers, while also being a method to increase brand awareness. In return, its members receive several benefits besides the job and networking possibilities.



In 2020, ProCon Group (ProCon Wind Energy & ProCon Technic) also decided to look for an investor that could support ProCon's further growth. After discussions and dialogues with several interested parties, ProCon 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.

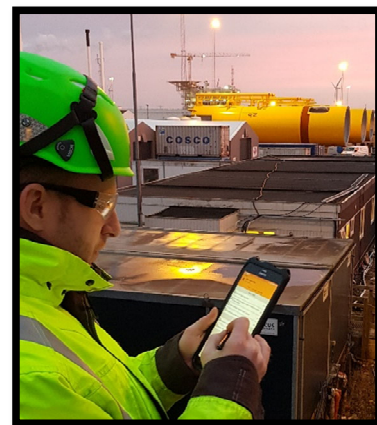


"Today's announcement is the first steppingstone towards our ambition to become the leading provider of integrated service solutions in the offshore wind sector. We are impressed with ProCon's journey so far and look forward to partnering with ProCon's founder to enhancing its future success. The acquisition 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.

HSEQ & Sustainability

Quality, health & safety, environment, and sustainability are some of the core elements of ProCon Wind Energy, and the company considers responsible behavior within these elements as one of the prerequisites for Ledefuture business success. Thus, the company has continued to develop and improve its work with the company's ISO 9001 (quality), ISO 14001 (environment) and ISO 45001 (occupational health and safety) certifications during 2020.

A big part of this has been the development and improvement of the company's existing services, systems, concepts as well as processes. However, it has also been important for the ProCon to ensure that everyone in the company conforms to its DNA, Code of Conduct, safe work and QHSE system, which is why there has been a large focus on carrying out safety walks, internal audits,



Management's Review

supplier audits but also on upgrading the recruitment and onboarding processes and implementing ProCon's new HSEQ+ observation reporting app.

During 2020, ProCon was also subject to project audits by some of its different customers, while the re-certification audit of ProCon's ISO certification was planned for March 2021.

Closely related to the ProCon's QHSE policies, objectives and system, the company chose to work with UN's Sustainable Development Goal (SDG) 7, 8, 13 and 17 in 2019. However, due to an increased interest regarding sustainability internally and externally as well as an expectation that sustainability documentation will become a requirement in the near future, ProCon decided in 2020 that it wants to become certified for its sustainable initiatives and plans. The reason behind this decision was that ProCon also considers sustainable responsible behavior as one of the prerequisites for future success, and therefore wants to take it a step further, be proactive and be on the forefront of things.



Consequently, the year of 2020, in terms of sustainability, has been used to maintain ProCon's existing sustainable initiatives, but also to prepare for the screening and audit, which was carried out by Bureau Veritas in April 2021 and June 2021, respectively. ProCon's work with UN's sustainable development is therefore now certified.

More specifically, a project task force was assigned within the company, consisting of ProCon's CEO, Strategic Business & Brand Developer, QHSE & HR Manager, and external consultants. Together, they defined how to further brand and strengthen ProCon's sustainable profile, while also doing all the groundwork for the upcoming screening and audit by mapping the company's current sustainable initiatives as well as creating a long list of improvements and new initiatives to be implemented. Furthermore, and importantly, the task force also developed a 3-year plan for how to implement and communicate about these. To support the task force with the audit preparation and the continued SDG work, ProCon employed a designated QHSE & Sustainability person at the very end of the year.

By being certified for its SDG work, ProCon Wind Energy can document that the company contributes to a more sustainable world, but it also creates a competitive advantage as the company is the first SME with a SDG certification within the renewables industry. Both will further develop the company's sustainable profile.

Management's Review

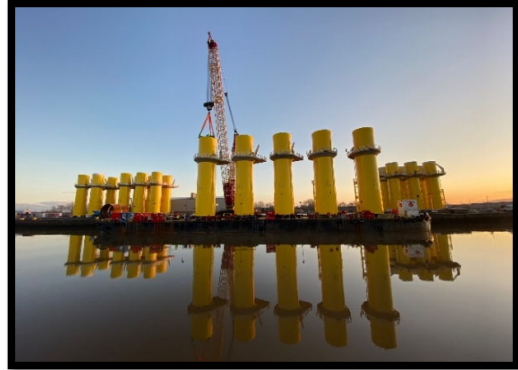
Financial development of the year

The income statement for 2020 shows a profit of DKK 22,246 and an equity at December 31, 2020 of DKK 30,926,927.

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

Uncertainty in recognition and measurement

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



Research and development

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

Events after the balance sheet date

No circumstances have occurred after the balance sheet date that have a material impact on the assessment of the annual report.

Special risks - operational risks and financial risks

Operating risk

ProCon Wind Energy A/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 brand by building and developing good relationships with the leading players in offshore wind globally.

Foreign exchange risks

Foreign currency purchases and sales are primarily in EUR and GBP. Exchange rate developments are estimated to have some influence on the company's results. ProCon Wind Energy does not currently use financial instruments to hedge this risk.

Interest rate risks

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

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.



Management's Review

Covid-19

It is no secret that the Covid-19 pandemic has also affected the renewables industries and created certain challenges with ensuring business development. This is especially true for the second half of 2020 where the effects of the restrictions really kicked in.

ProCon experienced it by having projects postponed as well as having difficulty in visiting customers, partners, and suppliers and attending the usual networking events. A significant challenge when ProCon Wind Energy A/S is a relatively new company, in terms of name and VAT number. The pandemic also made it more difficult for ProCon to get its technician, equipment as well as purchased components in and out of sites and countries. Thus, the logistics required more work, attention, and resources than normally – work, attention and resources which could have been used elsewhere. This resulted in a somewhat stagnation of the company development in Q3 but momentum came back in Q4 with the award and start of two large projects for ProCon's Construction department.

In terms of 2020 revenue, the special circumstances caused by Covid-19 meant that ProCon Wind Energy did not reach its revenue budget of DKK102 million but instead obtained a revenue similar to 2019. This was obtained without any subsidies or compensation packages.



The drawbacks of Covid-19 could have been more significant for ProCon in 2020 if not for the company's flexibility and many initiatives developed to strengthen the company and deal with Covid-19. An example of this is ProCon's focus on digitalization, mentioned above, which have been a large contributor to the on-going customer and partner dialogue, retention, and development.

ProCon Wind Energy is therefore positive about the future despite the pandemic.

This stems from the company's position on the market and its competences, expertise, and knowhow in relation to the engineering, construction, and service of the electrical scope within the renewables industry. Few others have similar traits, and ProCon Wind Energy is therefore among the top 3 electrical and technical solution providers in the world.

The company's pipeline, and development and optimization intentions as well as the expected growth of the renewables industries are naturally also contributing factors.

In terms of the latter, the renewables industries, especially the offshore wind industry, are looking into significant growth because they have been less impacted by the pandemic compared to other energy sectors, but also because they are a material part of a green recovery package and the green transition. More specifically, the solar industry is expected to grow by a minimum of 17% per year, while the onshore wind industry and offshore wind industry is expected to grow by 11,5 and 18,6% per year, respectively.

ProCon Wind Energy can proudly present the following outlook regarding future activities and expectations.

Management's Review

Future Activities & Expectations for the coming year

When looking into 2021 and forward, the future looks very exciting. The company has a healthy pipeline, where the postponed projects of 2020 have been added to, and 27 different Must-win Battles for 2021 have been determined to ensure the company's on-going growth.

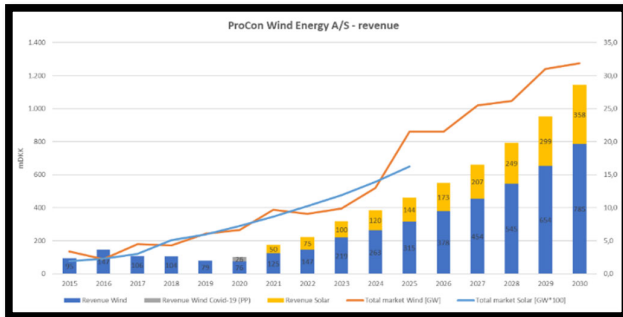
Just for 2021, ProCon Wind Energy has 4 projects continuing from 2020; 3 signed projects with a revenue value of ≈DKK70 million; 2 projects in final negotiations; and 16 projects in the tendering and second negotiation stage.

Some of the projects in the pipeline are solar grid connection engineering; jacket foundation design; niche component commissioning campaign; HV/MV termination and testing, WTG installation; two 15 years balance of plant inspection and service packages; and several solar farm and offshore wind turbine foundation construction projects.

The pipeline naturally goes beyond 2021, but it more or less follows the growth of the renewables industry, and it predominantly consists of offshore wind projects for EU, UK, Asia and the US.

Consequently, ProCon Wind Energy foresees and estimates a DKK400 million revenue by 2024. This is a serious number, which is why several must-win battles are defined for each department each year - including the 27 MWB for 2021, which e.g., deal with:

- Further development of ProCon's Asian organization.
- Establishment of 24/7/365 local UK organization.
- Further development and implementation of ProCon's solar solutions and department.
- Development of WTG installation concept.
- Integration of sustainability initiatives according to certification standards.
- Improvement of existing systems, including ProCon's HSEQ system and its digital platform.



Beside from the must-win battles, ProCon Wind Energy also has main on-going drivers to further facilitate its growth. These revolve around digitalization; obtaining strength through partnerships; continuous optimization of processes, employees and competences; providing flexibility and a global presence; and ensuring that company the DNA is embedded and incorporated into everything ProCon does – both internally and externally.

Only by focusing on such is the company able to stay the best, decent, flexible, and streamlined as well as ensure that it goes and provides what the customers want. This involves keeping on meeting market requirements and finding the crooked angles which will make customers choose ProCon.

While developing the company, ProCon will continue to provide customers, partners, suppliers, employees, etc. with the same professional solutions and conduct, which they have received so far. So, although the company is looking into many new customers both in Asia, Europe and the US, ProCon acknowledges the importance of retaining its current customers going forward.

ProCon Wind Energy expects increased activity and revenue in 2021 as well as a satisfactory result.

Management's Review

Contact

Find out more about ProCon Wind Energy by following us on [LinkedIn](#), visiting our [website](#) or by contacting one of the following:



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Strategic Business & Brand Developer
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Income Statement

1 January - 31 December 2020

	Note	2020 DKK	2019 DKK
Gross profit/loss		43.217.738	28.768.681
Staff expenses	2	<u>-38.531.646</u>	<u>-20.697.371</u>
EBITDA		4.686.092	8.071.310
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-3.430.180</u>	<u>-3.079.586</u>
Profit/loss before financial income and expenses		1.255.912	4.991.724
Income from investments in subsidiaries		-263.254	-52.211
Financial income	3	204.278	103.443
Financial expenses		<u>-1.083.898</u>	<u>-1.220.852</u>
Profit/loss before tax		113.038	3.822.104
Tax on profit/loss for the year	4	<u>-90.792</u>	<u>-955.602</u>
Net profit/loss for the year		<u>22.246</u>	<u>2.866.502</u>

Distribution of profit

Proposed distribution of profit

Retained earnings		<u>22.246</u>	<u>2.866.502</u>
		<u>22.246</u>	<u>2.866.502</u>

Balance Sheet 31 December 2020

Assets

	Note	2020 DKK	2019 DKK
Acquired licenses		434.566	242.394
Goodwill		22.956.667	25.796.667
Intangible assets	5	23.391.233	26.039.061
Other fixtures and fittings, tools and equipment		1.526.662	2.001.446
Leasehold improvements		56.485	63.039
Property, plant and equipment	6	1.583.147	2.064.485
Investments in subsidiaries	7	58.278	47.789
Deposits		106.648	56.213
Fixed asset investments		164.926	104.002
Fixed assets		25.139.306	28.207.548
Inventories		193.312	193.312
Trade receivables		5.659.721	22.617.664
Contract work in progress	8	21.031.409	1.902.200
Receivables from group enterprises		7.649.985	1.249.212
Other receivables		2.968.546	968.947
Prepayments		309.207	322.320
Receivables		37.618.868	27.060.343
Cash at bank and in hand		3.230.616	342.332
Currents assets		41.042.796	27.595.987
Assets		66.182.102	55.803.535

Balance Sheet 31 December 2020

Liabilities and equity

	Note	2020 DKK	2019 DKK
Share capital		25.000.000	25.000.000
Revaluation reserve		-30.680	0
Retained earnings		5.957.607	5.366.502
Equity		30.926.927	30.366.502
Provision for deferred tax		590.788	955.602
Provisions		590.788	955.602
Payables to owners and Management		0	2.201.667
Other payables		1.420.204	1.678.734
Long-term debt	9	1.420.204	3.880.401
Credit institutions		12.727.847	11.171.942
Trade payables		15.937.843	3.095.943
Contract work in progress, liabilities	8	148.017	3.399.898
Payables to group enterprises		82.099	0
Corporation tax		616.053	0
Other payables	9	3.732.324	2.933.247
Short-term debt		33.244.183	20.601.030
Debt		34.664.387	24.481.431
Liabilities and equity		66.182.102	55.803.535
Subsequent events	1		
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Statement of Changes in Equity

	Share capital	Revaluation reserve	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 January 2020	25.000.000	0	5.366.502	30.366.502
Exchange adjustments	0	-30.680	0	-30.680
Fair value adjustment of hedging instruments, end of year	0	0	729.306	729.306
Tax on adjustment of hedging instruments for the year	0	0	-160.447	-160.447
Net profit/loss for the year	0	0	22.246	22.246
Equity at 31 December 2020	25.000.000	-30.680	5.957.607	30.926.927

Notes to the Financial Statements

1 Subsequent events

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 the parent company 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.

	<u>2020</u> DKK	<u>2019</u> DKK
2 Staff expenses		
Wages and salaries	35.380.056	17.752.159
Pensions	2.591.928	2.256.453
Other social security expenses	227.860	178.056
Other staff expenses	331.802	510.703
	<u>38.531.646</u>	<u>20.697.371</u>
Average number of employees	<u>33</u>	<u>26</u>
3 Financial income		
Interest received from group enterprises	17.405	0
Other financial income	36.062	103.443
Exchange gains	150.811	0
	<u>204.278</u>	<u>103.443</u>
4 Tax on profit/loss for the year		
Current tax for the year	616.053	0
Deferred tax for the year	-525.261	955.602
	<u>90.792</u>	<u>955.602</u>

Notes to the Financial Statements

5 Intangible assets

	Acquired licenses <u>DKK</u>	Goodwill <u>DKK</u>
Cost at 1 January 2020	222.500	28.400.000
Additions for the year	333.108	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>

6 Property, plant and equipment

	Other fixtures and fittings, tools and equipment <u>DKK</u>	Leasehold improvements <u>DKK</u>
Cost at 1 January 2020	2.429.176	65.520
Additions for the year	114.675	0
Disposals for the year	-64.375	0
Cost at 31 December 2020	<u>2.479.476</u>	<u>65.520</u>
Impairment losses and depreciation at 1 January 2020	427.730	2.481
Depreciation for the year	525.084	6.554
Impairment losses and depreciation at 31 December 2020	<u>952.814</u>	<u>9.035</u>
Carrying amount at 31 December 2020	<u>1.526.662</u>	<u>56.485</u>

Notes to the Financial Statements

	2020 DKK	2019 DKK
7 Investments in subsidiaries		
Cost at 1 January 2020	100.000	0
Additions for the year	304.424	100.000
Cost at 31 December 2020	<u>404.424</u>	<u>100.000</u>
Value adjustments at 1 January 2020	-52.211	0
Exchange adjustment	-30.680	0
Net profit/loss for the year	-236.215	-52.211
Reversals for the year of revaluations in previous years	-27.040	0
Value adjustments at 31 December 2020	<u>-346.146</u>	<u>-52.211</u>
Carrying amount at 31 December 2020	<u>58.278</u>	<u>47.789</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
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%

	2020 DKK	2019 DKK
8 Contract work in progress		
Selling price of work in progress	35.744.409	20.106.007
Payments received on account	-14.861.017	-21.603.705
	<u>20.883.392</u>	<u>-1.497.698</u>
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	21.031.409	1.902.200
Prepayments received recognised in debt	-148.017	-3.399.898
	<u>20.883.392</u>	<u>-1.497.698</u>

Notes to the Financial Statements

9 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:

	2020 DKK	2019 DKK
Payables to owners and Management		
After 5 years	0	2.201.667
Long-term part	0	2.201.667
Within 1 year	0	0
	0	2.201.667
Other payables		
Between 1 and 5 years	1.420.204	1.678.734
Long-term part	1.420.204	1.678.734
Within 1 year	341.049	321.256
Other short-term payables	3.391.275	2.611.991
Short-term part	3.732.324	2.933.247
	5.152.528	4.611.981
10 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 TDKK 15,000, providing mortgages on goods receivables, inventory, intellectual property rights and other tangible fixed assets at a total carrying amount of	30.770.928	47.851.483
Rental and lease obligations		
The Company has entered into leasing and lease commitments for a total of TDKK:	1.629.809	1.553.815

Notes to the Financial Statements

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

Other contingent liabilities

The Entity 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 Entity. The maturity date is 8 October 2021.

The 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 is disclosed in the Annual Report of ProCon Group ApS, which is the management company of the joint taxation purposes. Moreover, the 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.

11 Related parties

Consolidated Financial Statements

The Company is included in the consolidated financial statements for the parent company.

<u>Name</u>	<u>Place of registered office</u>
ProCon Group ApS	Aarhus

Notes to the Financial Statements

12 Accounting Policies

The Annual Report of ProCon Wind Energy A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The 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.

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

12 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 Company.

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 Company. 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

12 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 and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Notes to the Financial Statements

12 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 30,000 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

12 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 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 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.

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.

Notes to the Financial Statements

12 Accounting Policies (continued)

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

12 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Notes to the Financial Statements

12 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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$