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# ***KK-Group A/S***

Bøgildvej 3, DK-7430 Ikast

## **Annual Report for 1 January - 31 December 2020**

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CVR No 66 82 11 10

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
21/04 2021

Allan Gabriel Zandberg  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of KK-Group 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.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Ikast, 21 April 2021

## Executive Board

Chlinton Arendahl Nielsen  
CEO

Søren Bæk Just

## Board of Directors

Jan Thorsgaard Nielsen  
Chairman

Simon Krogsgaard Ibsen

Jesper Ridder Olsen

Elke Eckstein

Fabrice Brégier

Paw Rosenvard

Dorrit Zenner Torp

Jacob Steffensen

# Independent Auditor's Report

To the Shareholder of KK-Group 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 KK-Group 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 disclosures, and whether the Financial Statements represent the underlying transactions and events

# Independent Auditor's Report

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, 21 April 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Mads Melgaard  
State Authorised Public Accountant  
mne34354

Claus Lyngsø Sørensen  
State Authorised Public Accountant  
mne34539

## Company Information

### The Company

KK-Group A/S  
Bøgildvej 3  
DK-7430 Ikast

CVR No: 66 82 11 10

Financial period: 1 January - 31 December

Municipality of reg. office: Ikast-Brande

### Board of Directors

Jan Thorsgaard Nielsen, Chairman  
Simon Krogsgaard Ibsen  
Jesper Ridder Olsen  
Elke Eckstein  
Fabrice Brégier  
Paw Rosenvard  
Dorrit Zenner Torp  
Jacob Steffensen

### Executive Board

Chlinton Arendahl Nielsen  
Søren Bæk Just

### Auditors

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

## Financial Highlights

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

	2020 kDKK	2019 kDKK	2018 kDKK	2016 / 2017 kDKK	2015 / 2016 kDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Operating profit/loss	-3.000	168	-1.579	-3.465	-5.801
Profit/loss before financial income and expenses	-3.000	168	-1.579	-3.465	-5.801
Net financials	148.949	132.224	63.504	157.555	97.847
Net profit/loss for the year	145.297	132.856	62.424	155.026	93.666
<b>Balance sheet</b>					
Balance sheet total	525.120	147.513	86.535	100.587	68.913
Equity	154.548	139.251	6.395	8.971	5.945
Number of employees	0	0	0	1	2



# Management's Review

## Key activities

KK Group A/S acts as the parent company of the companies KK Wind Solutions A/S, KK Wind Solutions Service A/S, KK Wind Solutions Taiwan CO., Ltd., KK Wind Solutions Polska sp. z.o.o and Gram og Juhl A/S.

## Development in the year

The income statement of the Company for 2020 shows a profit of kDKK 145,297, and at 31 December 2020 the balance sheet of the Company shows equity of kDKK 154,548.

On 1 October 2020, KK Group acquired Gram & Juhl an industry leader within Turbine Condition Monitoring to further accelerate and strengthen the capabilities and offerings within digital solutions. Building on more than 20 years of experience and having equipped +23,000 turbines worldwide, Gram & Juhl has cemented its position as a true pioneer within condition monitoring and the acquisition offers significant strategic value, as it will add a broader digital product offering and enhance KK Group's capabilities within condition monitoring, sensors and cloud-based services, while expanding the opportunities in the aftermarket segment.

## Operating risks

The group's primary activities are within the Wind Industry which is characterised by few large Original Equipment Manufacturers of wind turbines. KK Group has during the last years increased the customer and product portfolio including own developed products and hereby reduced the dependency on single customers or products.

Besides the above, the KK Group has no specific risks besides what is common to the industry.

## Targets and expectations for the year ahead

The result for the company is depending on the dividend strategy in the group. The result for 2021 is expected to be on par with the result realised in 2020.

## Intellectual capital resources

KK Group works with development, production and maintenance of advanced and reliable systems for wind turbines. This generates high demands for knowledge resources and innovation within key domains. The group works dedicated on attracting, sustaining and developing employees that have leading edge knowledge within wind turbines and advanced electro-mechanical solutions. KK Group has defined key competency areas that are the lighthouses for training and development of our employees. It is also endeavoured that employees are continuously trained via continued education and cooperation with universities, so that the latest knowledge is constantly present in the organization.

## Income Statement 1 January - 31 December

	Note	2020 kDKK	2019 kDKK
<b>Gross profit/loss</b>		<b>0</b>	<b>0</b>
Administrative expenses		-3.000	168
<b>Operating profit/loss</b>		<b>-3.000</b>	<b>168</b>
Income from investments in subsidiaries		150.000	134.500
Financial income	2	1.173	0
Financial expenses	3	-2.224	-2.276
<b>Profit/loss before tax</b>		<b>145.949</b>	<b>132.392</b>
Tax on profit/loss for the year	4	-652	464
<b>Net profit/loss for the year</b>		<b>145.297</b>	<b>132.856</b>

## Balance Sheet 31 December

### Assets

	Note	2020 kDKK	2019 kDKK
Investments in subsidiaries	5	416.426	55.326
Other investments	6	325	325
<b>Fixed asset investments</b>		<b>416.751</b>	<b>55.651</b>
<b>Fixed assets</b>		<b>416.751</b>	<b>55.651</b>
Receivables from group enterprises		106.961	57.252
Other receivables		461	68
Deferred tax asset	8	33	610
Corporation tax		388	33.932
<b>Receivables</b>		<b>107.843</b>	<b>91.862</b>
<b>Cash at bank and in hand</b>		<b>526</b>	<b>0</b>
<b>Currents assets</b>		<b>108.369</b>	<b>91.862</b>
<b>Assets</b>		<b>525.120</b>	<b>147.513</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	2020 kDKK	2019 kDKK
Share capital		7.294	7.294
Retained earnings		132.254	1.957
Proposed dividend for the year		15.000	130.000
<b>Equity</b>		<b>154.548</b>	<b>139.251</b>
Other payables		55.000	0
<b>Long-term debt</b>	9	<b>55.000</b>	<b>0</b>
Credit institutions		168	8.178
Payables to group enterprises		284.068	18
Other payables	9	31.336	66
<b>Short-term debt</b>		<b>315.572</b>	<b>8.262</b>
<b>Debt</b>		<b>370.572</b>	<b>8.262</b>
<b>Liabilities and equity</b>		<b>525.120</b>	<b>147.513</b>
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## Statement of Changes in Equity

	Share capital	Retained	Proposed	Total
	kDKK	earnings	dividend for the	kDKK
	kDKK	kDKK	year	kDKK
	kDKK	kDKK	kDKK	kDKK
Equity at 1 January	7.294	1.957	130.000	139.251
Ordinary dividend paid	0	0	-130.000	-130.000
Net profit/loss for the year	0	130.297	15.000	145.297
<b>Equity at 31 December</b>	<b>7.294</b>	<b>132.254</b>	<b>15.000</b>	<b>154.548</b>

# Notes to the Financial Statements

	2020 kDKK	2019 kDKK
<b>1 Staff</b>		
<b>Remuneration to the Board of Directors</b>	<b>1.200</b>	<b>0</b>
<b>Average number of employees</b>	<b>0</b>	<b>0</b>
<b>2 Financial income</b>		
Interest received from group enterprises	1.172	0
Other financial income	1	0
	<b>1.173</b>	<b>0</b>
<b>3 Financial expenses</b>		
Interest paid to group enterprises	1.307	1.439
Other financial expenses	917	837
	<b>2.224</b>	<b>2.276</b>
<b>4 Tax on profit/loss for the year</b>		
Current tax for the year	-388	-464
Deferred tax for the year	577	0
Adjustment of tax concerning previous years	463	0
	<b>652</b>	<b>-464</b>

## Notes to the Financial Statements

	2020 kDKK	2019 kDKK
<b>5 Investments in subsidiaries</b>		
Cost at 1 January	55.326	55.326
Additions for the year	361.100	0
Cost at 31 December	416.426	55.326
<b>Carrying amount at 31 December</b>	<b>416.426</b>	<b>55.326</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership	Equity	Net profit/loss for the year
KK Wind Solutions A/S	Ikast-Brandø, Denmark	100%	231.307	179.654
KK Wind Solutions Service A/S	Ikast-Brandø, Denmark	100%	38.800	12.194
KK Wind Solutions PolskaSp. Z.o.o.	Stettin, Poland	100%	73.345	9.666
Gram & Juhl A/S	Vojens, Denmark	100%	64.408	7.677
KK Wind Solutions Taiwan Co., Ltd	Taichung City, Taiwan	100%	829	-258

## 6 Other fixed asset investments

	Other investments kDKK
Cost at 1 January	325
Cost at 31 December	325
<b>Carrying amount at 31 December</b>	<b>325</b>

## Notes to the Financial Statements

	2020 kDKK	2019 kDKK
<b>7 Distribution of profit</b>		
Proposed dividend for the year	15.000	130.000
Retained earnings	130.297	2.856
	<b>145.297</b>	<b>132.856</b>

### 8 Deferred tax asset

Deferred tax asset at 1 January	610	610
Amounts recognised in the income statement for the year	-577	0
<b>Deferred tax asset at 31 December</b>	<b>33</b>	<b>610</b>

### 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:

#### Other payables

Between 1 and 5 years	55.000	0
Long-term part	55.000	0
Within 1 year	30.000	0
Other short-term payables	1.336	66
Short-term part	31.336	66
	<b>86.336</b>	<b>66</b>



# Notes to the Financial Statements

## 10 Contingent assets, liabilities and other financial obligations

### Charges and security

KK-Group A/S has issued a joint and unlimited surety guarantee for all bank debt in KK Wind Solutions Service A/S, KK Wind Solutions A/S and KK Wind Solutions Polska Sp. Z.o.o. The net book value of bank debt amounts to DKK 0 million at 31 December 2020. Further, the company has issued a guarantee for bank debt maximised at INR 200 million (DKK 16.5 million) in KK Wind Solutions India PVT. LTD.

### Contingent liabilities

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 A.P. Møller Holding A/S, 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 un-earned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 11 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 12 Related parties

	<u>Basis</u>
<b>Controlling interest</b>	
A.P. MØLLER OG HSTRU CHASTINE MC-KINNEYMØLLERS FOND TIL ALMENE FORMAAL, Esplanaden 50, 1263 København K	Ultimate Parent Company
KKWSH ApS, Bøggildvej 3, 7430 Ikast, Denmark	Parent Company

### Transactions

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. Transactions between KK - Group A/S and related parties are on arm's length terms.

### Consolidated Financial Statements

Name and registered office of the Parent preparing consolidated financial statements for the largest and the smallest group:

<u>Name</u>	<u>Place of registered office</u>
A.P. MØLLER OG HSTRU CHASTINE MC-KINNEYMØLLERS FOND TIL ALMENE FORMAAL, København K, Business Registration No. 11666779.	Copenhagen, Denmark
KK Wind Solutions Holding A/S, business registration no. 39067048	Ikast, Denmark

# Notes to the Financial Statements

## 13 Accounting Policies

The Annual Report of KK-Group A/S 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 Financial Statements for 2020 are presented in kDKK.

### Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements of KK Wind Solutions Holding A/S, business registration no. 39067048 and A.P. MØLLER OG HUSTRU CHASTINE MC-KINNEY MØLLERS FOND TIL ALMENE FORMAAL, København K, Business Registration No. 11666779, the Company has not prepared consolidated financial statements.

### Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of KK Wind Solutions Holding A/S, business registration no. 39067048, the Company has not prepared a cash flow statement.

### Recognition and measurement

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

# Notes to the Financial Statements

## 13 Accounting Policies (continued)

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.

## Income Statement

### Administrative expenses

Administrative expenses comprise expenses incurred for the Entity's administrative functions, including salaries for administrative staff and Management.

### Income from investments in subsidiaries

Dividends from subsidiaries are recognised as income in the income statement when adopted at the General Meeting of the subsidiary. However, dividends relating to earnings in the subsidiary before it was acquired by the Parent Company are set off against the cost of the subsidiary.

### 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.

## Balance Sheet

### Investments in subsidiaries

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

### Fixed asset investments

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

# Notes to the Financial Statements

## 13 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.

### Equity

#### *Dividend*

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### 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.

### 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

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