

ROESGAARD

NÅR OVERBLIK SKABER VÆRDI

Hjernø Værktøjsfabrik A/S

Thulevej 25

5210 Odense NV

Central Business Registration No. 10 22 83 95

Annual Report for 2021

The Annual Report was presented and approved at the Annual General Meeting of the Company on 21/02 2022

Klaus Bülow Davidsen
Chairman

Når overblik
samler brikkerne
– og skaber værdi

REVISION RÅDGIVNING JURA
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Company details

Hjernø Værktøjsfabrik A/S
Thulevej 25
5210 Odense NV

CVR-no. 10 22 83 95

Financial year: 1 January - 31 December 2021

Domicile: Odense

Board of Directors

Klaus Bülow Davidsen, Chairman
Anders Tvegaard
Jan Lehmann Hansen
Aage Agergaard

Executive Board

Allan Hansen, CEO

Auditors

Roesgaard
Godkendt Revisionspartnerselskab
Sønderbrogade 16
8700 Horsens

Statement by management on the annual report

The Board of Directors and Executive Board have today discussed and approved the annual report of Hjernø Værktøjsfabrik A/S for the financial year 1 January - 31 December 2021.

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 company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report be approved by the company at the general meeting.

Odense, 16 February 2022

Executive Board

Allan Hansen
CEO

Board of Directors

Klaus Bülow Davidsen
chairman

Anders Tvegaard

Jan Lehmann Hansen

Aage Agergaard

Independent auditor's report

To the shareholder of Hjernø Værktøjsfabrik A/S

Opinion

We have audited the financial statements of Hjernø Værktøjsfabrik A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 made on the basis of these financial statements.

Independent auditor's report

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

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

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

Statement on 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.

Independent auditor's report

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, we conclude that 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 of management's review.

Horsens, 16 February 2022

Roesgaard

Godkendt Revisionspartnerselskab
CVR no. 37 54 31 28

Jens Roesgaard
State Authorised Public Accountant
MNE no. mne28681

Anne Kragh Nørgaard
State Authorised Public Accountant
MNE no. mne42773

Financial highlights

Seen over a 5-year period, the development of the company may be described by means of the following financial highlights:

	2021	2020	2019	2018	2017
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	21,675	37,062	35,648	33,750	28,504
Profit/loss before amortisation/depreciation and impairment losses	(10,614)	4,720	6,925	9,272	5,002
Profit/loss before net financials	(14,641)	1,125	3,552	5,931	3,005
Profit/loss for the year	(13,179)	437	2,064	4,065	1,730
Balance sheet					
Total balance sheet	52,708	55,305	49,505	44,588	43,303
Investment in property, plant and equipment	6,597	7,546	6,329	7,693	6,212
Equity	7,208	23,887	23,934	15,870	9,812
Number of employees	56	58	53	45	38
Financial ratios					
Solvency ratio	13.7 %	43.2 %	48.3 %	35.6 %	22.7 %
Return on equity	(84.8)%	1.8 %	10.4 %	31.7 %	35.3 %

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The activities of Hjernø Tool Factory A/S comprise the manufacturing of advanced injection moulding tools for the plastics industry, as well as maintenance of and renovation of our customers' existing production tool.

Business review

The company's income statement for the year ended 31 December 2021 shows a loss of DKK 13,178,650, and the balance sheet on 31 December 2021 shows equity of DKK 7,208,246.

Turnover was impacted by the Covid-19 situation, which has resulted in lower than budgeted sales and activity levels, especially in the first half of the year. The financial result is regarded as unsatisfactory and focus has been on rebuilding the sales pipeline. This has led to order levels being restored towards the end of 2021, and the development provides the basis for a positive financial outlook for 2022.

During the year, Allan Hansen has stepped in as new CEO, as part of a planned change in management.

Significant events occurring after the end of the financial year

After the ending of the financial year, no occurrences have taken place which could significantly impact the financial position of the company.

Accounting policies

The annual report of Hjernø Værktøjsfabrik A/S for 2021 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 are consistent with those of last year.

The annual report for 2021 is presented in DKK.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits 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 from the company and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Income statement

Gross profit

In pursuance of section 32 of the Danish Financial Statements Act, the company does not disclose its revenue.

Gross profit reflects an aggregation of revenue, changes in inventories of finished goods and work in progress and other operating income less costs of raw materials and consumables and other external expenses.

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Accounting policies

Income from customised products is recognised as production is carried out, implying that revenue corresponds to the selling price of contracts completed in the year (percentage-of-completion method). This method is applied where the total income and expenses relating to the contract and the stage of completion at the balance sheet date can be estimated reliably and it is probable that future economic benefits will flow to the company.

Raw materials and consumables

Costs of raw materials and consumables include the raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

Other operating expenses

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

Other external expenses

Other external expenses include expenses related to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

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

Depreciation and impairment losses

Depreciation and impairment losses comprise the year's depreciation and impairment of property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Tax on profit/loss for the year

The company is subject to the Danish rules on compulsory joint taxation.

Accounting policies

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Software

Software recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Software are measured at cost less accumulated amortisation. Software are amortised on a straight-line basis over the remaining estimated useful lives. Estimated useful life is 10 years.

Tangible fixed assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	Residual value
Finance leases	12 years	DKK 0
Plant and machinery	5-12 years	DKK 0
Other fixtures and fittings, tools and equipment	4 years	DKK 0
Leasehold improvements	10 years	DKK 0

Assets costing less than DKK 30,700 are expensed in the year of acquisition.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Accounting policies

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'

Stocks

Stocks are measured at cost using the FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The cost of goods for resale, raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production/production overheads.

The net realisable value of stocks is calculated as the expected selling price less direct costs of completion and expenses incurred to effect the sale. The net realisable value is determined taking into account marketability, obsolescence and expected selling price movements.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

Accounting policies

Where the selling price of work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under 'Current assets' comprise expenses incurred concerning subsequent financial years.

Cash at bank and in hand

Cash and cash equivalents comprise cash and deposits at banks.

Equity

Dividends

Proposed dividends are disclosed as a separate item under equity. Dividends are recognised as a liability when declared by the annual general meeting of shareholders.

Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Income tax and deferred tax

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Joint taxation contributions payable and receivable are recognised in the balance sheet as 'Joint taxation contributions receivable' or 'Joint taxation contributions payable'.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Accounting policies

Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest method. Accordingly, the difference between the net proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include the capitalised residual finance lease commitment.

Other liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

The compensated absence commitment which the company's employees earn during the transitional period from 1 September 2019 to 31 August 2020, is administered by the company and is paid in to the Danish Holiday Fund before the employee reaches the pensionable age. Other debt is measured at amortised cost, which usually corresponds to the nominal value.

Cash flow statement

No cash flow statement has been prepared for the company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

Income statement 1 January - 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Gross profit	1	21,674,996	37,061,630
Staff costs	2	<u>(32,289,421)</u>	<u>(32,341,517)</u>
Profit/loss before depreciation and impairment losses		(10,614,425)	4,720,113
Depreciation and impairment of property, plant and equipment	3	(4,026,249)	(3,479,607)
Other operating costs		<u>0</u>	<u>(115,556)</u>
Profit/loss before net financials		(14,640,674)	1,124,950
Financial income	4	8	13
Financial costs	5	<u>(647,744)</u>	<u>(557,676)</u>
Profit/loss before tax		(15,288,410)	567,287
Tax on profit/loss for the year	6	<u>2,109,760</u>	<u>(130,702)</u>
Profit/loss for the year		<u>(13,178,650)</u>	<u>436,585</u>
Retained earnings		<u>(13,178,650)</u>	436,585
		<u>(13,178,650)</u>	<u>436,585</u>

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Assets			
Software		1,172,038	1,015,890
Intangible assets	7	1,172,038	1,015,890
Plant and machinery		22,841,079	21,417,261
Other fixtures and fittings, tools and equipment		426,946	298,383
Leasehold improvements		3,101,811	3,447,624
Tangible fixed assets	8	26,369,836	25,163,268
Deposits		979,500	979,500
Fixed asset investments		979,500	979,500
Total non-current assets		28,521,374	27,158,658
Raw materials and consumables		1,238,384	1,723,542
Stocks		1,238,384	1,723,542
Trade receivables		15,890,441	17,988,641
Contract work in progress	9	2,567,329	7,154,801
Receivables from subsidiaries		475,138	31,888
Receivables from associates		0	51,059
Other receivables		0	1,059,232
Prepayments	10	142,943	136,799
Receivables		19,075,851	26,422,420
Cash at bank and in hand		3,872,578	0
Total current assets		24,186,813	28,145,962
Total assets		52,708,187	55,304,620

Balance sheet at 31 December 2021

	<u>Note</u>	<u>2021</u> DKK	<u>2020</u> DKK
Equity and liabilities			
Share capital		1,387,302	1,387,302
Share premium account		7,462,698	7,462,698
Retained earnings		(1,641,754)	11,536,896
Proposed dividend for the year		0	3,500,000
Equity	11	<u>7,208,246</u>	<u>23,886,896</u>
Provision for deferred tax	12	0	2,109,760
Total provisions		<u>0</u>	<u>2,109,760</u>
Banks		5,782,233	0
Lease obligations		9,216,746	8,256,972
Holiday allowance		2,622,574	2,641,018
Long-term debt	13	<u>17,621,553</u>	<u>10,897,990</u>
Short-term part of long-term debt	13	4,184,391	3,557,508
Banks		19,410	2,485,917
Trade payables		2,262,823	2,909,089
Contract work in progress	9	7,583,735	465,511
Payables to shareholders and management		0	67,689
Other payables		13,828,029	8,924,260
Short-term debt		<u>27,878,388</u>	<u>18,409,974</u>
Total liabilities		<u>45,499,941</u>	<u>29,307,964</u>
Total equity and liabilities		<u>52,708,187</u>	<u>55,304,620</u>
Rent and lease liabilities	14		
Contingent liabilities	15		
Mortgages and collateral	16		
Related parties and ownership structure	17		

Statement of changes in equity

	<u>Share capital</u>	<u>Share premium account</u>	<u>Retained earnings</u>	<u>Proposed dividend for the year</u>	<u>Total</u>
Equity at 1 January 2021	1,387,302	7,462,698	11,536,896	3,500,000	23,886,896
Ordinary dividend paid	0	0	0	(3,500,000)	(3,500,000)
Net profit/loss for the year	0	0	(13,178,650)	0	(13,178,650)
Equity at 31 December 2021	<u>1,387,302</u>	<u>7,462,698</u>	<u>(1,641,754)</u>	<u>0</u>	<u>7,208,246</u>

Notes to the annual report

	<u>2021</u>	<u>2020</u>
	DKK	DKK
1 Special items		
Special items include significant income and costs which are special in terms of the company's ordinary activities, including e.g. government grants, gains and losses on disposal, write-downs and reversal of write-downs of a one-time nature.		
The result of the special items, which is recognised in gross profit items, is disclosed as follows:		
Covid compensation	<u>(173,958)</u>	<u>3,921,523</u>
	<u>(173,958)</u>	<u>3,921,523</u>
2 Staff costs		
Wages and salaries	26,422,378	27,102,074
Pensions	4,160,080	3,779,876
Other social security costs	578,266	733,526
Other staff costs	<u>1,128,697</u>	<u>726,041</u>
	<u>32,289,421</u>	<u>32,341,517</u>
Average number of employees	<u>56</u>	<u>58</u>

According to section 98 B(3) of the Danish Financial Statements Act, remuneration to the executive board has not been disclosed.

Notes to the annual report

	2021	2020
	DKK	DKK
3 Depreciation and impairment of property, plant and equipment		
Depreciation tangible assets	4,026,249	3,479,607
	4,026,249	3,479,607
<p>Indications of impairment i.a. due to loss.</p> <p>Turnover was impacted by the Covid-19 situation, which has resulted in lower than budgeted sales and activity levels, especially in the first half of the year. The financial result is regarded as unsatisfactory and focus has been on rebuilding the sales pipeline. This has led to order levels being restored towards the end of 2021, and the development provides the basis for a positive financial outlook for 2022. Based heron the going concern presumption is considered met and no impairment issues have been identified.</p>		
4 Financial income		
Other financial income	8	13
	8	13
5 Financial costs		
Financial expenses, group entities	0	2,010
Financial expenses, associates	0	3,115
Other financial costs	647,744	552,551
	647,744	557,676
	2021	2020
	DKK	DKK
6 Tax on profit/loss for the year		
Adjustment of deferred tax concerning previous years	(2,109,760)	130,702
	(2,109,760)	130,702

Notes to the annual report

7 Intangible assets

	<u>Software</u>
Cost at 1 January 2021	1,050,959
Additions for the year	<u>314,058</u>
Cost at 31 December 2021	<u>1,365,017</u>
Revaluations at 31 December 2021	<u>0</u>
Impairment losses and amortisation at 1 January 2021	35,069
Amortisation for the year	<u>157,910</u>
Impairment losses and amortisation at 31 December 2021	<u>192,979</u>
Carrying amount at 31 December 2021	<u>1,172,038</u>

Notes to the annual report

8 Tangible fixed assets

	<u>Plant and machinery</u>	<u>Other fixtures and fittings, tools and equipment</u>	<u>Leasehold improvements</u>
Cost at 1 January 2021	32,871,423	673,563	5,000,450
Additions for the year	<u>4,669,963</u>	<u>239,002</u>	<u>165,941</u>
Cost at 31 December 2021	<u>37,541,386</u>	<u>912,565</u>	<u>5,166,391</u>
Impairment losses and depreciation at 1 January 2021	11,454,161	375,180	1,552,826
Depreciation for the year	<u>3,246,146</u>	<u>110,439</u>	<u>511,754</u>
Impairment losses and depreciation at 31 December 2021	<u>14,700,307</u>	<u>485,619</u>	<u>2,064,580</u>
Carrying amount at 31 December 2021	<u>22,841,079</u>	<u>426,946</u>	<u>3,101,811</u>
Value of leased assets	<u>17,535,701</u>	<u>0</u>	<u>0</u>

9 Contract work in progress

	<u>2021</u> DKK	<u>2020</u> DKK
Work in progress, selling price	11,206,745	12,348,770
Work in progress, payments received on account	<u>(16,223,151)</u>	<u>(5,659,480)</u>
	<u>(5,016,406)</u>	<u>6,689,290</u>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	2,567,329	7,154,801
Prepayments received under liabilities	<u>(7,583,735)</u>	<u>(465,511)</u>
	<u>(5,016,406)</u>	<u>6,689,290</u>

10 Prepayments

Prepayments comprise prepaid expenses regarding subscriptions.

Notes to the annual report

11 Equity

The share capital consists of 1,387,302 shares of a nominal value of DKK 1. No shares carry any special rights.

	<u>2021</u> DKK	<u>2020</u> DKK
12 Provision for deferred tax		
Provision for deferred tax at 1 January 2021	2,109,760	2,109,760
Deferred tax recognised in income statement	<u>(2,109,760)</u>	<u>0</u>
Provision for deferred tax at 31 December 2021	<u>0</u>	<u>2,109,760</u>
Intangible assets	257,848	0
Property, plant and equipment	2,039,328	2,375,270
Borrowing costs	(6,985)	(28,644)
Tax loss carry-forward	<u>(2,290,191)</u>	<u>(236,867)</u>
	<u>0</u>	<u>2,109,760</u>

13 Long-term debt

	Debt at 1 January 2021	Debt at 31 December 2021	Instalment next year	Debt outstanding after 5 years
Banks	0	6,805,289	1,023,056	1,318,094
Lease obligations	11,814,480	12,378,081	3,161,335	1,309,870
Holiday allowance	<u>2,641,018</u>	<u>2,622,574</u>	<u>0</u>	<u>2,355,421</u>
	<u>14,455,498</u>	<u>21,805,944</u>	<u>4,184,391</u>	<u>4,983,385</u>

Notes to the annual report

	<u>2021</u>	<u>2020</u>
	DKK	DKK
14 Rent and lease liabilities		
Rent and lease liabilities		
Operating lease liabilities.		
Total future lease payments:		
Within 1 year	105,458	169,480
Between 1 and 5 years	<u>79,248</u>	<u>114,805</u>
	<u>184,706</u>	<u>284,285</u>
Rent obligation, non-cancellation period	836,653	1,365,000

15 Contingent liabilities

Recourse and non-recourse guarantee commitments

The company is jointly taxed with its parent company, Hjernø Holding ApS (management company), and jointly and severally liable with other jointly taxed entities for payment of income taxes for income year 2020 onwards as well as for payment of withholding taxes on dividends, interest and royalties.

16 Mortgages and collateral

For Hjernø Værktøjsfabrik A/S' account with Sparekassen Kronjylland, Hjernø Værktøjsfabrik A/S has given below as security:

DKK 7,500,000, floating charge with security in the stock of raw materials, semimanufactures and finished goods, fuel and ancillary material, unsecured debts stemming from sale of goods and services, vehicles which are not or have not previously been registered, goodwill, domains, rights according to the Act of Patents, the Act of Trade Marks, the Act of Design, the Act of Utility Models, (typography), as well as operating fixtures and working plant.

Book value of tangible fixed assets 31.12.2021 8,834 t.kr.

Book value of raw materials 31.12.2021 1,238 t.kr.

Book value of trade receivables 31.12.2021 15,890 t.kr.

Notes to the annual report

17 Related parties and ownership structure

Controlling interest

VPK Fond II K/S CVR. No. 40 48 27 76.

Other related parties

Hjernø Holding ApS CVR. No. 40 72 09 01

Consolidated financial statements

The company is reflected in the group report as the parent company VPK Fond II K/S CVR. No. 40 48 27 76.