Deloitte.

Dinex A/S

Fynsvej 39
5500 Middelfart
CVR No. 10504473

Annual report 2020

The Annual General Meeting adopted the annual report on 22.02.2021

Niels Thorborg
Chairman of the General Meeting

Contents

Entity details

Entity

Dinex A/S

Fynsvej 39

5500 Middelfart

Business Registration No.: 10504473

Date of foundation: 01.11.1986

Registered office: Middelfart

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Niels Thorborg, formand
Torben Staal Dinesen
Jens Prytz Sørensen
Jørn Tolstrup Rohde
Carsten Riisberg Lund
Birgit Bæk Thomsen

Executive Board

Torben Staal Dinesen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Tværkajen 5
P. O. Box 10
5100 Odense

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Dinex A/S for the financial year 01.01.2020 - 31.12.2020.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Middelfart, 22.02.2021

Executive Board

Torben Staal Dinesen

Board of Directors

Niels Thorborg
formand

Torben Staal Dinesen

Jens Prytz Sørensen

Jørn Tolstrup Rohde

Carsten Riisberg Lund

Birgit Bæk Thomsen

Independent auditor's report

To the shareholders of Dinex A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Dinex A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent 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 Group's and the Entity’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Odense, 22.02.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Bo Damgaard Hansen
State Authorised Public Accountant
Identification No (MNE) mne34543

Søren Alsen Lauridsen
State Authorised Public Accountant
Identification No (MNE) mne40040

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Revenue	1,731,735	1,529,336	1,232,856	1,039,651	913,644
Gross profit/loss	420,170	433,840	390,266	350,554	241,605
EBITDA	245,213	212,199	184,343	140,074	82,030
Operating profit/loss	184,250	155,179	152,090	83,043	32,443
Net financials	(47,923)	(22,255)	(46,138)	(35,904)	(26,245)
Profit/loss before tax	141,324	132,924	105,952	47,139	6,198
Profit/loss for the year	119,217	117,054	102,644	32,548	(3,785)
Balance sheet total	1,443,005	1,330,875	1,145,296	927,851	883,495
Investments in property, plant and equipment	106,708	72,564	67,393	46,538	100,067
Equity	293,943	316,783	201,579	108,285	85,669
Equity incl minority interests and subordinated loan	493,943	516,783	401,579	223,285	100,669
Average invested capital incl. goodwill	972,742	950,229	766,887	615,429	598,751
Net interest-bearing debt	543,600	499,166	443,923	442,568	527,913
Ratios					
Gross margin (%)	24.26	28.37	31.66	33.72	26.44
EBITDA margin (%)	14.2	13.9	15.0	13.5	9.0
Net margin (%)	6.88	7.65	8.33	3.13	(0.41)
Return on invested capital incl. goodwill (%)	12.26	12.32	13.38	5.29	(0.63)
Financial gearing	1.85	1.58	2.20	4.09	6.16
Return on equity (%)	39.04	45.16	66.25	33.56	-3,7
Equity ratio incl. subordinated loan (%)	34.2	38.8	35.1	24.2	11.4
Equity ratio (%)	20.37	23.80	17.60	11.67	9.70
Net interest-bearing debt to EBITDA	2.2	2.4	2.4	3.2	6.4

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

Gross margin (%):
Gross profit/loss * 100
Revenue

EBITDA margin (%):
EBITDA * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on invested capital incl. goodwill (%):
Profit/loss for the year * 100
Average invested capital incl. goodwill

Financial gearing :
Net interest-bearing debt
Average equity

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio incl. subordinated loan (%):
Equity + subordinated loan* 100
Balance sheet total

Equity ratio (%):
Equity * 100
Balance sheet total

Net interest-bearing debt to EBITDA(%):
Net interest-bearing debt, net * 100
EBITDA

Primary activities

The primary activity of the Dinex A/S Group is development, production and sales of exhaust and emission systems for trucks and industrial machines.

Development in activities and finances

Customers in the Dinex A/S Group are separated in two main segments - AEM customers (spare parts wholesalers) and OEM customers (manufacturers of diesel-powered vehicles - On Road and Off Road).

The operating profit (EBIT) of the Group was DKK 184.250 thousand against DKK 155.179 thousand in 2019. The result before tax for the Group was DKK 141.324 thousand against DKK 132.924 thousand in 2019. The year-end total net result after tax for the Group was DKK 119.217 thousand against DKK 117.054 thousand in 2019.

EBITDA amounts to DKK 245 million and is significantly improved compared to the 2019 level. The satisfactory performance meets the expectations and supports that the right decisions were executed on the Dinex strategy; Fuel for future despite the challenges that we also phased during Covid-19. The improvement is driven by stable and profitable business globally for both aftermarket and OEM industry.

The performance in 2020 has improved the key figures and financial ratios significantly compared to 2019 and supported the journey and secures a strong fundament for the next strategy phase from 2021-2023 named “Shaping the Future”.

Unusual circumstances affecting recognition and measurement

No unusual conditions have been noted in the actual financial year, which might have influenced this annual report positively or negatively.

Outlook

2021 will continue the positive trend seen in revenue and profits due to exploitation and expansion of the well-established global footprint. We expect longterm profitable growth driven by the European, Chinese, Indian and Russian OEM market and AEM market growth in the US driven by the new after-market product portfolio, but we also foresee that the global economy and thereby our business growth and earnings will be negatively impacted by COVID-19 in 2021.

The EBITDA margin, excluding special items, is expected to reach a level in the range of 14-16%, as a result of increased revenue, exploitation of footprint, continued focus on efficiency, investment in future technology and a cost conscious approach.

The level of investments in production machinery, technology and development projects are planned to be on a continued high level in 2021 with focus on optimization of processes that are already in place and specific activities related to future technology and patent solutions in line with the strategy for the next period 2021-2023 named “shaping the future”.

We have also as part of global footprint expanded the business by establishing own subsidiary Dinex Emission Solutions India Private Limited in 2020. The establishment in India is an investment in future business in emerging markets with increased complexity and new emission norms.

Management estimates that the Group will achieve a satisfactory positive result in 2021 despite the expected negative impact of Covid-19.

Particular risks

Business risks

Dinex primarily produces goods that are sold in a regulated emission market where governments and agencies control the emission standards. Sudden unexpected changes in emission standards can affect sales volume negatively for Dinex; sudden stricter emission standards require a development process before new emission products can be sold, and a sudden roll-back in emission standards requires change in production plans, product portfolio and similar.

Financial exposure

Dinex has invested in a Joint Venture with a Chinese manufacturer. The return on the investment is highly dependent of the development in the Chinese market for emission products. The introduction of stricter emission standards have been accelerated in China and provided the right opportunity to be nominated for a National 6 application. The joint venture started productions of National 5 emission systems during Q2 2017 with full scale impact in 2018. We continue to jointly develop the business and we expect to deliver the first National 6 applications in 2020 with full scale production in 2021.

Credit risk

The credit risks of the Group are primarily related to trade receivables, which at the end of 2020 were DKK 345.562 thousand against DKK 256.043 thousand in 2019. The customers can be grouped in two main categories one being very large OEM manufactures with strong financial figures and the second being a diversified portfolio of smaller aftermarket customers. Historic losses are very limited, which also was the case in 2020.

Currency and interests risks

The consolidated financial statements are influenced by changes in exchange rates, as the result and equity of the subsidiaries are converted into Danish kroner at year-end based on average and year-end rates.

The currency risk of the Group is mainly managed through matching of incoming and outgoing payment currencies, where as active hedging using e.g. instruments is only used to a limited extent in line with the established policy. In connection with considerations about the future financing structure of the Dinex Group, Management has examined various possibilities of covering the risks connected with loan financing, cash flow in foreign currency and the related interest costs. In 2020, a total net exchange loss of DKK 12.313 thousand is realized, against a net loss of DKK 2.679 thousand in 2019. The exchange loss is mainly driven by loss in Rubles, USD and Turkish Lire.

Intellectual capital resources

The employees in the Dinex Group cover a wide field. At year-end, the Group had 1.438 employees, including 92 in Denmark.

We have continued the strategic prioritization of developing and upgrading skills and competences supported by more than 50 different activities carried out for employees globally, introduced talent programs covering both leadership but also specialist roles among others and we will continue to invest in our employees in the next strategy period “shaping the future” covering 2021-2023.

Research and development activities

The company’s total costs for R&D make up approx. 3% of the revenue. We have as in previous years invested significantly in future technology in line with emission requirements to support the strategy and not at least meet the customer’s demand.

Statutory report on corporate social responsibility

The main contribution to society by the Dinex Group is the Group's development, production and sale of particulate filters reducing harmful particles and noise from diesel engines. Today, particles are con-sidered a key health issue in many cities around the world and governments are fighting pollution through constantly tightening of emission regulations. Dinex has developed a technology that can eliminate 99.9% of particles emanating from diesel engines. The Group wants to contribute to a sustainable development by preventing pollution and reducing energy consumption and thereby also comply to the UN' sustainable development goals that are considered highly relevant for Dinex Group. We have selected 3 primary goals and 2 secondary which is incorporated in the Strategy for 2021-2023 and we in-tend to visualize it both internally and externally in 2021.

The Group's CSR efforts are outlined below, including the policies and guidelines on which the Group bases its work. The Company's CSR activities are attended to all global sites within the Dinex Group. For further information about the Groups business mode, please refer to sections primary activities and development in activities and finance above. We are also aware of CSR risks in relation to our activities. The risks will be outlined in the following sections.

Ethics - Code of Conduct

Our Code of Conduct reflects the Group's general CSR approach. The Code of Conduct lays down for-mal guidelines on compliance with effective legislation and fundamental human rights, including combating discrimination and child labor, guidelines for maintaining a safe environment and working environment for all the Group's employees. The Code of Conduct applies to the entire Dinex Group and must be signed by all key suppliers. Dinex has a global Occupational Health and Safety Policy which all Dinex employees have to comply with in their daily work. The management policy establishes guide-lines on equal treatment, motivation and communication with staff.

In connection with the code of conduct, we have also evalutated risks in relation to corruption and bribery. The primary risk may be that employees use payments or other means to illegally influence customers or other stakeholders or vice versa. This could cause damage to our reputation. As Dinex is based in Denmark, we follow existing rules and guidelines. Therefore, we do not have a separate policy regarding corruption and bribery, as we believe the national rules and guidelines in place are proportionate with the risk in this area. We are also not aware of any breaches concerning bribery and corruption in Dinex in 2020.

Our CSR focus in 2020 - activities and results

Dinex' CSR efforts fall within three general areas that relate to the company's day-to-day operations and production: Environment, supplier management and employee relations.

1. Environment

The primary risk is if we do any harm to the environment, e.g. due to increase in material use, energy consumption and scrap quantities. This could lead to reputational damage for the Group and criticism from stakeholders. As part of the environmental focus, Dinex Group works out from an environmental policy and has been environmentally certified under ISO 14001. Through its environmental policy, the Group has committed itself to comply with regulatory requirements, communicating honestly with stakeholders on environmental issues, regularly improving the environmental conditions of the Company and reducing environmental burdens from production, including reducing electricity consumption and scrap quantities, preventing pollution and applying environmentally friendly materials and technologies.

As an example of Dinex' environmentally consciousness, Dinex is running an Optimization Program to reduce the use of energy at its most energy consuming production facility, which is caused by a need for capacity of ovens that are running at high temperatures over a longer period of time. Our new factory in India meets the future industry standard and future requirements for both capacity and energy optimization and we have also invested in the second state of the art coating facility in India as part of the strategic journey.

Dinex established a goal to minimize scrap with 5% compared to 2018 level through continued high quality and efficiency in production processes using new production methods and process optimization. We have managed to minimize scrap with more than 5% in 2020 and thereby do meet the expectations. We still believe that there is potential for continued savings, so we wish to minimize scrap with mini-mum 5% compared to 2020 level in 2021.

Our products reduce pollution and climate impact in general due to the technology and we will continue to improve the emissions.

2. Supplier management

The primary risk concerning suppliers is if suppliers harm the environment or do not treat employees well. This may have an impact on the local environment and could potentially lead to stakeholder criticism of Dinex. Dinex wants to promote a focus on responsibility among the Group's suppliers and business partners. When selecting new suppliers, weight is thus attached to responsibility being considered actively in the relevant supplier's day-to -day operations and management.

In order to support this objective, the guidelines are specified in the Group's Code of Conduct as criteria when evaluating potential suppliers. New suppliers receive our Code of Conduct, and are also encouraged to obtain an environmental certification.

The Group's existing and most significant suppliers are also audited annually, based on similar criteria and the guidelines of the Code of Conduct. Group Management have not identified any abnormalities in the supplier behavior in 2020. Dinex will further develop the governance and control procedures in 2021 by launcing a new Group Procurement organization, documenting business reviews, include questionaires, interviews and test the supplier compliance.

3. Human rights

The primary risk is if our employees feel discriminated, which may impact our ability to retain and at-tract employees. This may lead to reputational damage and criticism regarding our work environment. Dinex respects human rights, including gender, race, color, religion or belief, political opinion, sexual orientation, age, disability or national, social or ethnic origin. We have an open communication, conducting subsidiaries visits, calling for any critical circumstances to escalate to Group Management. It is confirmed that the Group Management for this reporting year is not aware of examples of human rights violations.

We have during 2020 updated our code of conduct.

4. Human Resources

The Departments of Human Resources in Dinex provided a range of different programs linked to the HR Annual Wheel and services as well as advice and guidance on a wide range of employment situations. With human resources professionals located in all Dinex´s entities globally, the departments pro-vided programs and services in the entire employment life cycle from onboarding to retirement.

This year has been different from a Human Resources perspective. With a COVID-19 pandemic that spread around the world, Human Resources, like many employees, has had to facilitate unprecedented situations. 2020 has without any doubt been the most complicated year ever, from the point of navigating within a highly complete range of changes in daily work life. HR succeeded to increase awareness and succeed to monitor all agreed precautions and restrictions and succeeded in keeping Dinex as a safe workplace despite the many shadow sides of the pandemic.

As we continue with the uncertain times created by the COVID-19 pandemic, Human Resources is committed and now even stronger in supporting employees throughout any potential similar situation in the future.

The must win battles supporting the strategy was in 2020 defined as:

1) Capability growth: Conduct management training courses related to current leadership teams, next generation leaders, sales, technology and talent development of upcoming senior specialists

2) Work environment: Process employee Engagement surveys, based Global Employee Engage-ment Index focusing on work environment, well-being, collaboration, leadership etc. to measure the impact of initiatives and to clarify the need for new motivational programs.

3) Attraction & Retention; Streamline WC salary & benefit structures to link rewards & skills and to ensure a higher degree of market conformity and competitiveness in future retention and talent recruitment. Structured approach to working with Employer Branding initiatives supporting attraction and reputation profile´s

4) CSR; Sustainable Development Goals (DSDG) (17 UN Goals). We decided which 3 primary World Goals to be pursued globally in 2021-2023. Strategy and roadmap to be described.

5) Communication/Information; Structure and systematize entities branding efforts through employees, press, media, LinkedIn, case stories, networking. Internal information flow to be systematized and aligned to global strategy

6) Systematize Blue Collar Training: Establish tracking of local development and training initiatives for Blue collars to facilitate BC performance culture in the Group.

Work environment
In 2020 we can register the lowest people turnover rate ever seen in Dinex´s history. With an unexpected turnover rate of 1.1% globally, we succeeded in maintaining a high level of organizational stability in both Operations and Office environments both for positions with and without management responsibilities. With this high degree of stability, we avoided losing valuable knowledge and are therefore in a stronger position to confront activities in 2021 that require knowledge, experience and commitment.

Dinex University
In the second year of Dinex University's existence, several training activities were carried out in 2020 in different Academy's. In total, almost 50 different activities were carried out for both employees in operations, professional technical or administrative functions as well as within management.

Despite exceptional difficulties, where the pandemic has primarily caused significant limitations in, for example, the physical form of teaching, we succeeded conducting learning locally in factories or offices onsite or hosted by trainers as E-learning out of HQ.

Furthermore, 2020 was the first year ever when Dinex completed the first real Talent Program on a global scale. In total, 27 specialists from all over the world were locally nominated for participation and after thorough assessment and examination in professional skills and personal attributes, 12 employees participated in the talent program.

The process has been an important lesson for Dinex – both for representatives from the top management who made up the judging committee itself, but equally important to all our local leadership groups and subsequently selected mentors who together have played the forefront of doing everything possible to enable their specialists to participate and potentially go all the way.

An important talent pipeline has now been established and the pool of high potentials will expand in years to come, both within specialists, management and next generation of leaders.

Covid-19 pandemic

We have learned from the pandemic that it is possible to create a successful business if we stand together and understand the seriousness of dealing with each other properly, show each other consideration and respect and adapt to a completely new and different way of working.

Human Resources, as well as all other employees, will remember back on 2020 when everything suddenly changed. Our way of working, the workplace and the social interaction of many were suddenly turned to become a matter of much more fluid boundaries between jobs and private life. None had the routine already but managed to maintain a professional approach to daily tasks, meeting structure and even managed to develop and implement new business strategy – despite of working and living from home without any actual abstraction in time and place.

Human Resources has facilitated the largest change management process ever seen and will bring together significant learnings as a strong inspiration to think different visions for remote work and virtual global teams together with how we interact with each other in the physical workplace.

Health & Safety

2020 has been tough year for AEM and OEM Division due to COVID19 spreading globally. Started affecting DCN from Q1 causing fully closure of factory to affecting in DTR with 28% workforce absence has been challenging. Sites faced shortages of key skills same time started growing demands in most of OEM factory which caused overtime working in all factories. Incredible work has been done by all employees to support Dinex in this hard time. No major Environmental impact seen from any factory and DCN received ISO14000/9001 certificate which shows Dinex's commitment to protect Environment.

Dinex has aligned with global KPI of Total Recordable Incident Rate (TRIR) and close year 2020 at 1.8 level, which is lower than metal industry level. To continue to improve focus on Group Safety new Group Safety Manager is planned, who will work to improve Policy deployment to reduce Hazards on Shop Floor.

Looking ahead

2021 will be the year that Human Resources in Dinex will focus on digitization of solutions in global process management. As a preface to the individual transformations, it´s a clear mission to structure large amounts of data in addition to optimize and aligned employee information to ensure a rational and uniformed implementation process and subsequently reach on common solution.

The digitalisation strategy serves the primary aim of increasing the quality of employee data, ensuring faster and smoother implementation of ongoing HR processes, and strengthening collaboration across HR functions globally. At the same time, the HR Partner team will be in the position to free up more resources for actual business activities in both divisions, e.g., related to employee care, management consultancy and organizational risk assessment. All factors and needs that seemed naturally increasing in line with business growth and higher levels of organizational complexity.

Competence development and knowledge databases will be another crucial area of actions for Human Resources in 2021. In line with increasing demands for more and more specialist knowledge in e.g., technology development, project- and process management as well as several other critical functions and areas, it becomes crucial that HR supports the business areas with knowledge on tools for carrying out gab analyses, skills matrix´s and training materials for the development of the employee competencies that are essential to fulfilling the strategy's growth ambitions.

And to succeed in a practical and target orientated training, in 2021 there will be a higher level of localization of the Dinex academies to conduct local training activities close to the local professional environments. Decentralisation includes continued close cooperation between local HR Partners and Group Human Resources as well as the individual business areas to ensure a high professional level of both learning materials and the training performance itself.

With the Human Resources mission to contributes to the success of Dinex and its employees and business through leadership, service and excellence in human resource management we believe in the vision:

- To be highly respected for the quality of advice and service we provide
- That we can support and collaborate to build and attract the right capacity´s in all functions across Dinex globally
- To ensure high engagement and maintain a strong and healthy work environment

Statutory report on the underrepresented gender

All Dinex staff was recruited based on professional skills without regard to religion, race, gender, handicap or age. As a Group, we look upon diversity as a strength, and we actively combat discrimination and aspire to promote equal treatment. This applies to the management level as well as all other levels in the organization.

Dinex has been working actively to increase the number of the underrepresented gender in order to gain the benefits of more dynamic and differences in problem-solving, decision-making, etc.

Dinex' increased focus on the underrepresented gender has led to a number of actions. In total, the Dinex group is comprised by 18% women and 82% men, but for white collars 35% is actually women. The goal is that the gender representation for white collars in the organisation as minimum must follow the gender composition in the Executive Commitee.

The Executive Committee has defined a target for 2020 to increase the actual level at 25% in 2017 to 30% women and 70% men. We expected to meet the target in 2020 despite the redesigned management structure with a split in AEM and OEM management teams, but we ended at 27% women in both the top management levels and the next level of managers by the end of 2020. Therefore, Dinex will continue to work actively on ensuring and maintaining a balance in the local and group management teams with an overall target to reach 30% women by end of 2023.

Dinex wants the Board of Directors to reflect the diversity existing in all other parts of the Company and is therefore aiming to get a female candidate in the Board of Directors within 2022. However, Dinex also acknowledges that the automotive industry is dominated by men and it might therefore be more challenging to find a suitable female candidate as Dinex will not compromise the professional qualifications for such a candidacy.

Nevertheless the Dinex' Board of Directors consist of six members, where off one member is a woman elected on the general assemply in 2018 and reelected in 2019 and 2020, so we managed to fulfill the goal with a female board member before 2022.

Events after the balance sheet date

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

Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	1,731,735	1,529,336
Production costs		(1,311,565)	(1,095,496)
Gross profit/loss		**420,170**	**433,840**
Distribution costs		(104,016)	(120,131)
Administrative expenses	3, 2	(143,598)	(165,023)
Other operating income		24,635	29,917
Other operating expenses		(12,941)	(23,424)
Operating profit/loss		**184,250**	**155,179**
Income from investments in associates		4,997	15,462
Other financial income	6	22,419	17,163
Other financial expenses	7	(70,342)	(54,880)
Profit/loss before tax		**141,324**	**132,924**
Tax on profit/loss for the year	8	(22,107)	(15,870)
Profit/loss for the year	9	**119,217**	**117,054**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Completed development projects	11	36,961	43,875
Acquired licences		10,041	5,863
Goodwill		0	0
Development projects in progress	11	42,585	20,695
Intangible assets	10	**89,587**	**70,433**
Land and buildings		115,663	108,870
Investment property		127,000	123,700
Plant and machinery		133,661	125,829
Other fixtures and fittings, tools and equipment		29,220	24,274
Property, plant and equipment in progress		43,688	46,126
Property, plant and equipment	12	**449,232**	**428,799**
Investments in associates		55,951	51,109
Other receivables		8,439	0
Deferred tax	14	26,678	38,355
Fixed asset investments	13	**91,068**	**89,464**
Fixed assets		**629,887**	**588,696**
Raw materials and consumables		125,243	112,673
Work in progress		27,484	35,496
Manufactured goods and goods for resale		134,730	155,985
Inventories		**287,457**	**304,154**

Trade receivables		345,562	256,043
Other receivables		60,173	62,169
Tax receivable		12,491	13,674
Prepayments	15	15,972	33,304
Receivables		**434,198**	**365,190**
Cash		**91,463**	**72,835**
Current assets		**813,118**	**742,179**
Assets		**1,443,005**	**1,330,875**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		2,250	2,250
Retained earnings		281,693	304,533
Proposed dividend for the financial year		10,000	10,000
Equity		**293,943**	**316,783**
Deferred tax	14	24,099	28,693
Other provisions	16	616	798
Provisions		**24,715**	**29,491**
Subordinate loan capital		200,000	200,000
Mortgage debt		42,174	44,996
Bank loans		212,711	128,672
Finance lease liabilities		5,541	2,722
Non-current liabilities other than provisions	17	**460,426**	**376,390**
Current portion of non-current liabilities other than provisions	17	63,019	77,479
Bank loans		311,618	318,132
Trade payables		215,096	147,982
Tax payable		14,043	7,927
Other payables		60,145	56,691
Current liabilities other than provisions		**663,921**	**608,211**
Liabilities other than provisions		**1,124,347**	**984,601**
Equity and liabilities		**1,443,005**	**1,330,875**
Staff costs	4		
Amortisation, depreciation and impairment losses	5		
Unrecognised rental and lease commitments	19		
Transactions with related parties	20		
Group relations	21		
Subsidiaries	22		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Total DKK'000
Equity beginning of year	2,250	304,533	10,000	316,783
Ordinary dividend paid	0	0	(10,000)	(10,000)
Extraordinary dividend paid	0	(100,000)	0	(100,000)
Exchange rate adjustments	0	(32,057)	0	(32,057)
Profit/loss for the year	0	109,217	10,000	119,217
Equity end of year	**2,250**	**281,693**	**10,000**	**293,943**

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		184,250	155,179
Amortisation, depreciation and impairment losses		53,720	57,020
Other provisions		(182)	798
Working capital changes	18	17,758	(32,761)
Currency adjustments		(28,310)	(2,679)
Cash flow from ordinary operating activities		**227,236**	**177,557**
Financial expenses paid		(35,610)	(35,022)
Taxes refunded/(paid)		(14,212)	14,366
Cash flows from operating activities		**177,414**	**156,901**
Acquisition etc. of intangible assets		(38,110)	(30,234)
Acquisition etc. of property, plant and equipment		(80,780)	(190,301)
Sale of property, plant and equipment		15,977	18,391
Other cash flows from investing activities		(8,936)	0
Cash flows from investing activities		**(111,849)**	**(202,144)**
Free cash flows generated from operations and investments before financing		**65,565**	**(45,243)**
Loans raised		148,510	171,010
Repayments of loans etc.		(78,934)	(29,096)
Dividend paid		(110,000)	(10,000)
Cash flows from financing activities		**(40,424)**	**131,914**
Increase/decrease in cash and cash equivalents		**25,141**	**86,671**

Cash and cash equivalents beginning of year	(245,297)	(331,968)
Cash and cash equivalents end of year	**(220,156)**	**(245,297)**
Cash and cash equivalents at year-end are composed of:		
Cash	91,463	72,835
Short-term bank loans	(311,619)	(318,132)
Cash and cash equivalents end of year	**(220,156)**	**(245,297)**

Notes to consolidated financial statements

1 Revenue

	2020 DKK'000	2019 DKK'000
Denmark	6,962	8,391
Other countries	1,724,773	1,520,945
Total revenue by geographical market	**1,731,735**	**1,529,336**
AEM	357,572	359,532
OEM	1,374,163	1,169,804
Total revenue by activity	**1,731,735**	**1,529,336**

2 Administrative expenses

The Group has received around DKK 11 million in compensation related to COVID-19. The compensation received are mainly to cover cost and salary. All compensation is received outside Denmark.

3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK'000	2019 DKK'000
Statutory audit services	1,007	1,510
Other assurance engagements	25	13
Tax services	344	82
Other services	36	51
	1,412	**1,656**

4 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	159,707	199,731
Pension costs	7,980	12,386
Other social security costs	24,219	28,587
	191,906	**240,704**

Average number of full-time employees	**1,438**	**1,513**

	Remuneration of management 2020 DKK'000	Remuneration of management 2019 DKK'000
Total amount for management categories	5,516	5,425
	5,516	**5,425**

5 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Amortisation of intangible assets	15,586	15,685
Depreciation on property, plant and equipment	46,058	47,938
Profit/loss from sale of intangible assets and property, plant and equipment	(3,300)	(6,602)
	58,344	**57,021**

6 Other financial income

	2020 DKK'000	2019 DKK'000
Other interest income	174	3,253
Exchange rate adjustments	22,245	13,910
	22,419	**17,163**

7 Other financial expenses

	2020 DKK'000	2019 DKK'000
Other interest expenses	35,783	38,291
Exchange rate adjustments	34,559	16,589
	70,342	**54,880**

8 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	22,827	17,720
Change in deferred tax	(496)	(1,850)
Adjustment concerning previous years	(224)	0
	22,107	**15,870**

9 Proposed distribution of profit/loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	10,000	10,000
Retained earnings	109,217	107,054
	119,217	**117,054**

10 Intangible assets

	Completed development projects DKK'000	Acquired licences DKK'000	Goodwill DKK'000	Development projects in progress DKK'000
Cost beginning of year	101,930	23,812	19,694	20,695
Exchange rate adjustments	(3,029)	(81)	0	0
Transfers	2,531	0	0	(2,531)
Additions	6,084	6,484	0	25,541
Disposals	0	0	0	(1,120)
Cost end of year	**107,516**	**30,215**	**19,694**	**42,585**
Amortisation and impairment losses beginning of year	(58,055)	(17,949)	(19,694)	0
Exchange rate adjustments	795	66	0	0
Amortisation for the year	(13,295)	(2,291)	0	0
Amortisation and impairment losses end of year	**(70,555)**	**(20,174)**	**(19,694)**	**0**
Carrying amount end of year	**36,961**	**10,041**	**0**	**42,585**

11 Development projects

Development projects primarily consist of the development of EminizerTM technology, which is already used in current products. The EminizerTM is an important technology in future products. In addition, it relates to customer specific development of products that are already on the market or are expected on the market in a shorter period of time.

12 Property, plant and equipment

	Land and buildings DKK'000	Investment property DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	156,825	123,700	371,266	93,897	46,471
Exchange rate adjustments	(6,237)	0	(8,673)	(1,956)	(1,847)
Transfers	0	0	(7,546)	5,041	0
Additions	16,907	0	50,967	12,596	26,238
Disposals	0	0	(12,905)	(3,073)	(26,492)
Cost end of year	**167,495**	**123,700**	**393,109**	**106,505**	**44,370**
Revaluations for the year	0	3,300	0	0	0
Revaluations end of year	**0**	**3,300**	**0**	**0**	**0**
Depreciation and impairment losses beginning of year	(47,955)	0	(245,437)	(69,623)	(345)
Exchange rate adjustments	1,663	0	6,443	1,537	4
Transfers	1,063	0	6,401	(4,960)	0
Impairment losses for the year	0	0	0	0	(341)
Depreciation for the year	(6,603)	0	(32,032)	(7,083)	0
Reversal regarding disposals	0	0	5,177	2,844	0
Depreciation and impairment losses end of year	**(51,832)**	**0**	**(259,448)**	**(77,285)**	**(682)**
Carrying amount end of year	**115,663**	**127,000**	**133,661**	**29,220**	**43,688**

The group's investment property is a partial production, warehouse and office building of 17,708 m2. The property is 100% let on a lease with a remaining lease term of 5 years. The yearly rent amounts to DKK 507 / m2.

The investment property is measured at fair value by application of the return-based model. The required rate of return for the company's property is 7.0% per. 31.12.2020 (7.0% as of 31.12.2019). A change in the required rate of return by (+/- 0.5%) will have an effect on respectively DKK -8.5 million and DKK +9.8 million.

The property is valued at DKK 7,172 / m2.

No external assessor has been used in determining the fair values.

13 Fixed asset investments

	Investments in associates DKK'000	Other receivables DKK'000	Deferred tax DKK'000
Cost beginning of year	26,547	0	38,524
Additions	310	8,439	0
Disposals	0	0	(11,846)
Cost end of year	**26,857**	**8,439**	**26,678**
Revaluations beginning of year	24,562	0	0
Changes in accounting policies	(464)	0	0
Exchange rate adjustments	(1)	0	0
Share of profit/loss for the year	4,997	0	0
Revaluations end of year	**29,094**	**0**	**0**
Carrying amount end of year	**55,951**	**8,439**	**26,678**

Associates	**Registered in**	**Ownership %**
JV Dinex Tongda Emission Solutions Co.	China	50
JV Active Dinex Emission Solutions Pvt. Ltd.	India	50

14 Deferred tax

	2020 DKK'000	2019 DKK'000
Intangible assets	(14,525)	(11,216)
Property, plant and equipment	(24,843)	(24,145)
Inventories	539	418
Receivables	(514)	457
Liabilities other than provisions	4,482	8,290
Tax losses carried forward	38,201	36,618
Other taxable temporary differences	(761)	(760)
Deferred tax	**2,579**	**9,662**

Changes during the year	**2020 DKK'000**	**2019 DKK'000**
Beginning of year	9,662	30,389
Recognised in the income statement	(2,893)	1,850
Other changes	(4,190)	(22,577)
End of year	**2,579**	**9,662**

Deferred tax are primarily due to unutilized taxation in China, the United States and Germany. China and United States are to two primary growth markets in 2019 and 2020 and both entities are expected to be utilized in connection with positive earnings in the coming years.

15 Prepayments
Consists of prepayments regarding insurance, marketing etc.

16 Other provisions
Consists of expected cost related to warranty.

17 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Subordinate loan capital	0	0	200,000	200,000
Mortgage debt	2,929	2,876	42,174	30,508
Bank loans	58,962	74,012	212,711	0
Lease liabilities	1,128	591	5,541	0
	63,019	**77,479**	**460,426**	**230,508**

18 Changes in working capital

	2020 DKK'000	2019 DKK'000
Increase/decrease in inventories	16,697	(16,805)
Increase/decrease in receivables	(70,191)	22,164
Increase/decrease in trade payables etc.	71,252	(38,120)
	17,758	**(32,761)**

19 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	**108,576**	**124,400**

20 Transactions with related parties
Informations about transactions with related parties are only listed in the annual report if these transactions have not been carried out on a market term basis. There have not been conducted such transactions in the financial year.

21 Group relations
Name and registered office of the Parent preparing consolidated financial statements for the largest group:
3C Holding ApS, Odense

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Dinex A/S, Middelfart

22 Subsidiaries

	Registered in	Corporate form	Ownership %
Dinex Exhausts Ltd.	England	Comp.	100.0
Dinex Latvia SIA	Latvia	Comp.	100.0
Dinex Italia SRL	Italy	Comp.	100.0
Dinex Polska Sp. z.o.o	Poland	Comp.	100.0
Dinex Iberica Sistemas de escape, S.L.U	Spain	Comp.	100.0
Dinex France SAS	France	Comp.	100.0
Dinex Deutschland GmbH	Germany	Comp.	100.0
Dinex Emission Inc.	USA	Comp.	100.0
Dinex RUS LLC	Russia	Comp.	100.0
Dinex Emission Solutions India Pvt. Ltd	India	Comp.	100.0
Dinex Egzoz Ve Emisyon A.S	Turkey	Comp.	100.0
Dinex Emission System Changzhou Co., Ltd	China	Comp.	100.0
Dinex Balkan D.O.O.	Serbia	Comp.	100.0
Dinex Ejendomme ApS	Denmark	Comp.	100.0
Dinex Finland OY	Finland	Comp.	100.0
3C Fynsvej A/S	Denmark	Comp.	100.0

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Revenue	1	191,317	223,332
Production costs		(166,647)	(183,363)
Gross profit/loss		**24,670**	**39,969**
Distribution costs		(26,560)	(39,584)
Administrative expenses		13,410	11,875
Other operating income		5,820	0
Operating profit/loss		**17,340**	**12,260**
Income from investments in group enterprises		107,876	102,620
Income from investments in associates		4,997	15,462
Other financial income	4	18,774	19,805
Other financial expenses	5	(31,528)	(33,335)
Profit/loss before tax		**117,459**	**116,812**
Tax on profit/loss for the year	6	1,758	242
Profit/loss for the year	7	**119,217**	**117,054**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Completed development projects	9	20,580	28,776
Acquired concessions		7,555	4,078
Development projects in progress	9	37,354	18,183
Intangible assets	8	**65,489**	**51,037**
Plant and machinery		12,431	13,394
Other fixtures and fittings, tools and equipment		4,572	1,738
Leasehold improvements		839	407
Property, plant and equipment	10	**17,842**	**15,539**
Investments in group enterprises		735,672	633,617
Investments in associates		55,951	51,108
Other receivables		7,143	0
Fixed asset investments	11	**798,766**	**684,725**
Fixed assets		**882,097**	**751,301**
Raw materials and consumables		1,971	4,291
Manufactured goods and goods for resale		23,230	33,086
Inventories		**25,201**	**37,377**
Trade receivables		5,839	12,161
Receivables from group enterprises		223,183	295,404
Other receivables		17,400	7,894
Prepayments	12	3,379	2,699
Receivables		**249,801**	**318,158**
Cash		**12**	**15**
Current assets		**275,014**	**355,550**
Assets		**1,157,111**	**1,106,851**

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		2,250	2,250
Reserve for development costs		31,866	20,891
Retained earnings		249,828	283,644
Proposed dividend for the financial year		10,000	10,000
Equity		**293,944**	**316,785**
Deferred tax	13	6,984	7,064
Provisions		**6,984**	**7,064**
Subordinate loan capital		200,000	200,000
Bank loans		202,774	87,783
Non-current liabilities other than provisions	14	**402,774**	**287,783**
Current portion of non-current liabilities other than provisions	14	33,496	54,693
Bank loans		289,734	301,155
Trade payables		17,310	12,106
Payables to group enterprises		89,937	114,200
Other payables		22,932	13,065
Current liabilities other than provisions		**453,409**	**495,219**
Liabilities other than provisions		**856,183**	**783,002**
Equity and liabilities		**1,157,111**	**1,106,851**
Staff costs	2		
Amortisation, depreciation and impairment losses	3		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Transactions with related parties	18		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for development costs DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	2,250	20,891	283,644	10,000	316,785
Ordinary dividend paid	0	0	0	(10,000)	(10,000)
Extraordinary dividend paid	0	0	(100,000)	0	(100,000)
Exchange rate adjustments	0	0	(32,058)	0	(32,058)
Transfer to reserves	0	10,975	(10,975)	0	0
Profit/loss for the year	0	0	109,217	10,000	119,217
Equity end of year	**2,250**	**31,866**	**249,828**	**10,000**	**293,944**

Notes to parent financial statements

1 Revenue

	2020 DKK'000	2019 DKK'000
Denmark	184,355	8,391
Other countries	6,962	214,941
Total revenue by geographical market	**191,317**	**223,332**
AEM	145,675	100,535
OEM	45,642	122,797
Total revenue by activity	**191,317**	**223,332**

2 Staff costs

	2020 DKK'000	2019 DKK'000
Wages and salaries	40,128	42,344
Pension costs	3,512	3,383
Other social security costs	2,527	3,632
	46,167	**49,359**

Average number of full-time employees	**92**	**93**

	Remuneration of manage-ment 2020 DKK'000	Remuneration of manage-ment 2019 DKK'000
Total amount for management categories	5,516	5,425
	5,516	**5,425**

3 Depreciation, amortisation and impairment losses

	2020 DKK'000	2019 DKK'000
Amortisation of intangible assets	11,565	10,047
Depreciation on property, plant and equipment	4,898	5,784
	16,463	**15,831**

4 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	13,635	19,310
Exchange rate adjustments	5,139	495
	18,774	**19,805**

5 Other financial expenses

	2020 DKK'000	2019 DKK'000
Financial expenses from group enterprises	2,300	1,501
Other interest expenses	26,715	28,375
Exchange rate adjustments	2,513	3,459
	31,528	**33,335**

6 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	0	(1,166)
Change in deferred tax	(1,758)	924
	(1,758)	**(242)**

7 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	10,000	10,000
Retained earnings	109,217	107,054
	119,217	**117,054**

8 Intangible assets

	Completed development projects DKK'000	Acquired concessions DKK'000	Development projects in progress DKK'000
Cost beginning of year	73,131	12,256	18,183
Additions	1,493	5,350	19,171
Cost end of year	**74,624**	**17,606**	**37,354**
Amortisation and impairment losses beginning of year	(44,354)	(8,178)	0
Amortisation for the year	(9,690)	(1,873)	0
Amortisation and impairment losses end of year	**(54,044)**	**(10,051)**	**0**
Carrying amount end of year	**20,580**	**7,555**	**37,354**

9 Development projects

Development projects primarily consist of the development of EminizerTM technology, which is already used in current products. The EminizerTM is an important technology in future products. In addition, it relates to customer specific development of products that are already on the market or are expected on the market in a shorter period of time.

10 Property, plant and equipment

	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	80,273	17,784	10,716
Transfers	(7,546)	5,041	0
Additions	2,939	3,691	571
Cost end of year	**75,666**	**26,516**	**11,287**
Depreciation and impairment losses beginning of year	(66,879)	(16,046)	(10,309)
Transfers	7,465	(4,960)	0
Depreciation for the year	(3,821)	(938)	(139)
Depreciation and impairment losses end of year	**(63,235)**	**(21,944)**	**(10,448)**
Carrying amount end of year	**12,431**	**4,572**	**839**

11 Fixed asset investments

	Investments in group enterprises DKK'000	Investments in associates DKK'000	Other receivables DKK'000
Cost beginning of year	521,196	26,547	0
Additions	85,392	310	7,143
Cost end of year	**606,588**	**26,857**	**7,143**
Revaluations beginning of year	112,421	24,561	0
Exchange rate adjustments	(24,349)	(464)	0
Share of profit/loss for the year	106,781	4,997	0
Adjustment of intra-group profits	1,095	0	0
Dividend	(63,360)	0	0
Other adjustments	(3,504)	0	0
Revaluations end of year	**129,084**	**29,094**	**0**
Carrying amount end of year	**735,672**	**55,951**	**7,143**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

12 Prepayments

Prepayments primarily comprise insurance, software licenses and lease payments.

13 Deferred tax

	2020 DKK'000	2019 DKK'000
Intangible assets	14,184	11,228
Property, plant and equipment	(1,143)	(390)
Receivables	(5)	(8)
Liabilities other than provisions	(1,805)	(4,494)
Tax losses carried forward	(4,952)	(425)
Other taxable temporary differences	1,153	1,153
Deferred tax	**7,432**	**7,064**

Changes during the year	2020 DKK'000	2019 DKK'000
Beginning of year	7,064	6,140
Recognised in the income statement	368	924
End of year	**7,432**	**7,064**

14 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Subordinate loan capital	0	0	200,000	200,000
Bank loans	759	529	202,774	0
Lease liabilities	32,737	54,164	0	0
	33,496	**54,693**	**402,774**	**200,000**

15 Unrecognised rental and lease commitments

	2020 DKK'000	2019 DKK'000
Total liabilities under rental or lease agreements until maturity	**45,750**	**53,739**
Of this, liabilities under rental or lease agreements with group enterprises	**44,856**	**53,232**

16 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where 3C Group A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

17 Related parties with controlling interest

Name	Registered office	Basis of influence
Dinex Emission Holding A/S	Fynsvej 39	Shareholding
	DK-5500 Middelfart	
3C GROUP A/S	Østre Stationsvej 1-5	Shareholding
Niels Thorborg	Langelinie 185	Chairman of the Board of Directors
	DK - 5230 Odense M	
Torben Dinesen	Strandstien 157	CEO & Board Member
	DK-5500 Middelfart	
Birgit Bæk Thomsen	Mølleparken 47	Board Member
	DK-8723 Løsning	
Carsten Riisberg Lund	Skowænget 8	Board Member
	DK-3550 Slangerup	
Jens Prytz Sørensen	Drosselvej 20	Board Member
	DK-5500 Middelfart	
Jørn Tolstrup Rohde	Langelinie 85	Board Member
	DK-5230 Odense M	

18 Transactions with related parties

There have not been transactions with related parties which have not been carried out on a market term basis.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Newly acquired or newly established enterprises are recognised in the financial statements from the time of acquiring or establishing such enterprises. Divested or wound-up enterprises are recognised in the income statement up to the time of their divestment or winding-up.

The purchase method is applied at the acquisition of new enterprises, under which identifiable assets and liabilities of these enterprises are measured at fair value at the acquisition date. Provisions for costs of restructuring of the enterprise acquired are only made in so far as such restructuring was decided by the enterprise acquired prior to acquisition. Allowance is made for the tax effect of restatements.

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually. Negative balances (negative goodwill) are recognised as income in the income statement.

Profit or loss from divestment of enterprises

Profits or losses from divestment or winding-up of enterprises are calculated as the difference between selling price or settlement price and the carrying amount of the net assets at the time of divestment and winding-up, including any non-amortised goodwill and estimated selling or winding-up expenses.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or writedown. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

Derivative financial instruments
On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Changes in the fair value of derivative financial instruments applied for hedging net investments in independent foreign subsidiaries or associates are classified directly as equity.

Income statement
Revenue
Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Production costs
Production: Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Cost of sales also includes research costs of development projects that do not meet the criteria for recongnition in the balance sheet, and amortization of recongnized development projects. In addition, provisions for loss on contract work in progress are recognized.

Distribution costs
Distribution costs comprise costs incurred for sale and distribution of the Entity’s products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc., and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment involved in the distribution process.

Administrative expenses
Administrative expenses comprise expenses incurred for the Entity's administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies, and amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Other operating expenses
Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Income from investments in group enterprises
Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates
Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income
Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

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

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

Balance sheet

Goodwill
Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile. Useful lives are reassessed annually. The amortisation periods used are 5-20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5-20 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment
Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

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

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	40 years
Plant and machinery	3-15 years
Other fixtures and fittings, tools and equipment	3-15 years
Leasehold improvements	5-10 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investment property
On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5-20 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates
Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value plus unamortised goodwill and plus or minus unrealised pro rata intra-group profits and losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in associates.

Associates with negative equity value are measured at DKK 0. Any receivables from these associates are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant associate, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

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

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

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's

taxable income, adjusted for prepaid tax.

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

Cash
Cash comprises cash in hand and bank deposits.

Dividend
Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity.

Other provisions
Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Mortgage debt
At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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

Cash flow statement
The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.