



Esti Chem A/S

Erhvervsparken 16, 4621 Gadstrup
CVR No. 11992099

Annual report 2019

The Annual General Meeting adopted the
annual report on 24.03.2020

Thomas Mathiesen

Chairman of the General Meeting

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Entity details

Entity

Esti Chem A/S

Erhvervsparken 16

4621 Gadstrup

CVR No.: 11992099

Registered office: Roskilde

Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Jan Christiansen

Johann-Detloff Ehregott von Cossel

Anita Margareta Mathiesen

Executive Board

Thomas Mathiesen, Chief Executive Officer

Michael Johann Terfehr, Director

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

P. O. Box 1600

0900 Copenhagen C

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Esti Chem A/S for the financial year 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019.

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.

Gadstrup, 24.03.2020

Executive Board

Thomas Mathiesen
Chief Executive Officer

Michael Johann Terfehr
Director

Board of Directors

Jan Christiansen

Johann-Detloff Ehregott von Cossel

Anita Margareta Mathiesen

Independent auditor's report

To the shareholders of Esti Chem A/S

Opinion

We have audited the financial statements of Esti Chem A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations for the financial year 01.01.2019 - 31.12.2019 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 financial statements" section of this auditor's report. We are independent of the Entity 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 financial statements

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

In preparing the financial statements, Management is responsible for assessing 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 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 the management commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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.

Copenhagen, 24.03.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Søren Strandby

State Authorised Public Accountant
Identification No (MNE) mne24684

Management commentary

Primary activities

The Company develops and produces organic chemicals and provides consultancy services within its business area. The products are sold through the Company's own sales organisation and abroad by associates and third parties.

Development in activities and finances

The Company's income statement shows a profit of DKK 2,298 thousand, which Management considers satisfactory.

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. However, the latest month's development in the spread of the coronavirus disease (COVID-19) and the lock down of large parts of society will affect the Company's results for 2020.

Due to the uncertainty about the length of the coronavirus crisis both nationally and internationally and the size of the government's aid packages, the financial impact cannot be determined at this point in time.

Income statement for 2019

	Notes	2019 DKK	2018 DKK
Gross profit/loss		16,596,003	15,238,476
Staff costs	2	(11,917,831)	(12,099,199)
Depreciation, amortisation and impairment losses		(1,417,923)	(1,918,673)
Operating profit/loss		3,260,249	1,220,604
Income from investments in associates		153,380	235,818
Other financial expenses	3	(498,851)	(632,152)
Profit/loss before tax		2,914,778	824,270
Tax on profit/loss for the year	4	(617,180)	(106,451)
Profit/loss for the year		2,297,598	717,819
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		1,838,078	574,254
Retained earnings		459,520	143,565
Proposed distribution of profit and loss		2,297,598	717,819

Balance sheet at 31.12.2019

Assets

	Notes	2019 DKK	2018 DKK
Land and buildings		19,909,530	20,717,769
Plant and machinery		652,721	798,415
Other fixtures and fittings, tools and equipment		272,349	705,018
Property, plant and equipment	5	20,834,600	22,221,202
Investments in associates		89,540	89,540
Other financial assets	6	89,540	89,540
Fixed assets		20,924,140	22,310,742
Raw materials and consumables		12,877,171	11,909,389
Inventories		12,877,171	11,909,389
Trade receivables		3,887,282	4,925,010
Receivables from group enterprises		460,730	176,046
Receivables from associates		1,861,847	482,519
Other receivables		209,155	163,320
Receivables		6,419,014	5,746,895
Cash		1,301	41,651
Current assets		19,297,486	17,697,935
Assets		40,221,626	40,008,677

Equity and liabilities

	Notes	2019 DKK	2018 DKK
Contributed capital	7	3,600,000	3,600,000
Retained earnings		10,816,013	10,356,493
Proposed dividend		1,838,078	574,254
Equity		16,254,091	14,530,747
Deferred tax		573,983	557,451
Provisions		573,983	557,451
Bank loans		301,588	1,107,048
Debt to other credit institutions		4,744,724	5,466,925
Other payables		344,200	0
Non-current liabilities other than provisions	8	5,390,512	6,573,973
Current portion of non-current liabilities other than provisions	8	1,528,430	1,490,212
Bank loans		6,873,267	7,646,478
Trade payables		4,822,982	4,741,749
Payables to associates		1,994,664	1,994,664
Income tax payable		600,660	125,773
Other payables		2,183,037	2,347,630
Current liabilities other than provisions		18,003,040	18,346,506
Liabilities other than provisions		23,393,552	24,920,479
Equity and liabilities		40,221,626	40,008,677
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	9		
Assets charged and collateral	10		

Statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,600,000	10,356,493	574,254	14,530,747
Ordinary dividend paid	0	0	(574,254)	(574,254)
Profit/loss for the year	0	459,520	1,838,078	2,297,598
Equity end of year	3,600,000	10,816,013	1,838,078	16,254,091

Notes

1 Events after the balance sheet date

No events have occurred after the balance sheet date which affect the annual report. However, the latest month's development in the spread of the coronavirus disease (COVID-19) and the lock down of large parts of society will affect the Company's results for 2020.

Due to the uncertainty about the length of the coronavirus crisis both nationally and internationally and the size of the government's aid packages, the financial impact cannot be determined at this point in time.

2 Staff costs

	2019	2018
	DKK	DKK
Wages and salaries	10,548,480	10,748,495
Pension costs	844,578	857,701
Other staff costs	524,773	493,003
	11,917,831	12,099,199
Average number of full-time employees	18	19

3 Other financial expenses

	2019	2018
	DKK	DKK
Other interest expenses	377,274	442,385
Exchange rate adjustments	35,289	75,569
Other financial expenses	86,288	114,198
	498,851	632,152

4 Tax on profit/loss for the year

	2019	2018
	DKK	DKK
Current tax	600,648	240,736
Change in deferred tax	16,532	(19,322)
Adjustment concerning previous years	0	(114,963)
	617,180	106,451

5 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	29,014,878	5,572,003	3,344,791
Additions	0	0	31,320
Cost end of year	29,014,878	5,572,003	3,376,111
Depreciation and impairment losses beginning of year	(8,297,109)	(4,773,588)	(2,639,772)
Depreciation for the year	(808,239)	(145,694)	(463,990)
Depreciation and impairment losses end of year	(9,105,348)	(4,919,282)	(3,103,762)
Carrying amount end of year	19,909,530	652,721	272,349

6 Financial assets

	Investments in associates DKK
Cost beginning of year	89,540
Cost end of year	89,540
Carrying amount end of year	89,540

Investments in associates	Registered in	Equity interest %	Equity DKK	Profit/loss DKK
Sparks AS	Norway	20	3,541,264	1,066,118

7 Share capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	3,600,000	1	3,600,000
	3,600,000		3,600,000

8 Non-current liabilities other than provisions

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK
Bank loans	805,816	775,433	301,588
Debt to other credit institutions	722,614	714,779	4,744,724
Other payables	0	0	344,200
	1,528,430	1,490,212	5,390,512

9 Unrecognised rental and lease commitments

	2019 DKK	2018 DKK
Liabilities under rental or lease agreements until maturity in total	278,118	345,270

10 Assets charged and collateral

The Company's bank debt is secured by way of an all-moneys mortgage on real property of DKK 5.6 million, a mortgage registered to the mortgagor on real property of DKK 1.4 million and a company charge of DKK 6 million secured on the Company's assets. Mortgage debt and bank debt are secured by way of a mortgage on real property.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

The accounting policies applied to these 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in associates

Income from investments in associates comprises dividends etc received from the individual associates in the financial year.

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**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.

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	10-20 years
Plant and machinery	6-20 years
Other fixtures and fittings, tools and equipment	3-10 years

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.

Investments in associates

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

Inventories

Inventories are measured at delivery price. Obsolete and slow-moving items are written down.

Receivables

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

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. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

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.

Other financial liabilities

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

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.