



## **DBI Plastics A/S**

Stationsvej 5  
4295 Stenlille  
CVR No. 12514379

### **Annual report 2020**

The Annual General Meeting adopted the  
annual report on 16.04.2021

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**Ole Lund Madsen**

Chairman of the General Meeting

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# Entity details

## Entity

DBI Plastics A/S

Stationsvej 5

4295 Stenlille

CVR No.: 12514379

Registered office: Sorø

Financial year: 01.01.2020 - 31.12.2020

Phone number: +4557894800

Fax: +4557894848

URL: [www.dbiplastics.com](http://www.dbiplastics.com)

## Board of Directors

Hans Christian Petersen, Chairman

Per Toft Valstorp

Claus Henningsen

Michael Laursen

## Executive Board

Hans Hellstrøm Henningsen, Chief Executive Officer

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of DBI Plastics 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations 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.

Stenlille, 16.04.2021

## Executive Board

**Hans Hellstrøm Henningsen**

Chief Executive Officer

## Board of Directors

**Hans Christian Petersen**

Chairman

**Per Toft Valstorp**

**Claus Henningsen**

**Michael Laursen**

# Independent auditor's report

## To the shareholders of DBI Plastics A/S

### Opinion

We have audited the financial statements of DBI Plastics 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. 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 31.12.2020 and of the results of its operations 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 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, 16.04.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**René Carøe Andersen**

State Authorised Public Accountant  
Identification No (MNE) mne34499

# Management commentary

## Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Revenue	108,983	132,355	115,478	133,363	131,929
Gross profit/loss	49,141	69,070	72,307	70,116	69,892
Operating profit/loss	(8,350)	6,946	8,117	9,221	9,515
Net financials	(3,340)	(1,051)	(789)	(634)	(1,121)
Profit/loss for the year	(9,119)	4,579	6,151	6,711	6,577
Total assets	121,465	129,342	131,155	125,102	112,608
Investments in property, plant and equipment	6,811	12,137	8,768	10,019	15,210
Equity	43,876	52,928	71,350	65,198	58,487
<b>Ratios</b>					
Gross margin (%)	45.09	52.19	62.62	52.58	52.98
EBIT margin (%)	(7.66)	5.25	7.03	6.91	7.21
Net margin (%)	(8.37)	3.46	5.33	5.03	4.99
Return on equity (%)	(18.84)	7.37	9.01	10.85	11.91
Equity ratio (%)	36.12	40.92	54.40	52.12	51.94



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

**Gross margin (%):**

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

**EBIT margin (%):**

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

**Net margin (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

**Return on equity (%):**

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

**Equity ratio (%):**

$\frac{\text{Equity} * 100}{\text{Total assets}}$

### Primary activities

The primary activities of the Company comprise the development, manufacturing and sale of protective solutions, which are sold mainly on the European market.

### Development in activities and finances

The Company was, like many other companies, significantly impacted by the COVID-19 pandemic, particularly as many of the customers closed during the spring. It is estimated that about two months of turnover was lost. To counter this, the production capacity was reduced through employees being temporarily on leave, and the overall size of the organisation also had to be reduced.

The Company's revenue for the year was DKK 108,980 thousand, and loss for the year ended at DKK (9,119) thousand compared to a profit of DKK 4,579 thousand in 2019.

### Uncertainty relating to recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies, and Management of DBI Plastics A/S is of the opinion that no uncertainty is related to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement in the financial year 2020.

### Outlook

The COVID-19 pandemic is making the near-term commercial outlook somewhat uncertain. Experts predicts the overall global market for automobiles to be down by 10% compared to pre-pandemic markets. While the company expects to grow beyond this, the company is simultaneously optimizing its production set-up. Production in Denmark will be merged from two facilities to one in the spring 2021.

### Particular risks

The Company's activities do not involve any particular risks; neither operating nor financial risks. As the main part of transactions is carried out in euro, the Company's activities are not considered to involve any special foreign exchange risks.

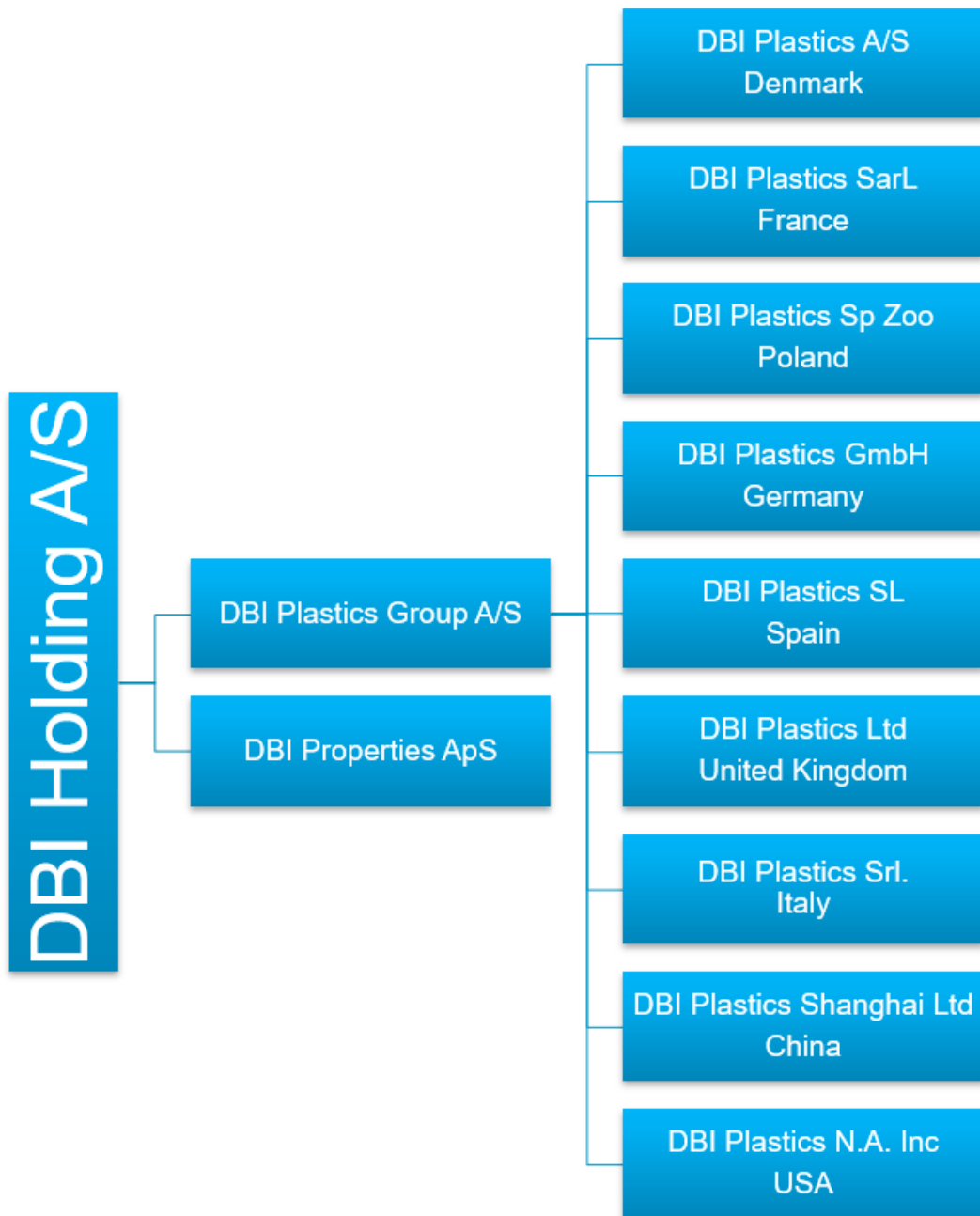
### Intellectual capital resources

The Company employs the needed number of employees with relevant qualifications who possess considerable know-how of the Company's products and production. Further and supplementary training is provided to the extent necessary.

### Environmental performance

The manufacturing company is environmentally certified under ISO 14001 and, moreover, also under ISO 9001, ISO 50001 and IATF 16949. The Company's activities do not have any material environmental impact.

# Supplementary reports



# Income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue		108,982,765	132,355,025
Other operating income	2	4,349,332	0
Costs of raw materials and consumables		(42,738,821)	(37,883,394)
Other external expenses		(21,452,088)	(25,401,344)
<b>Gross profit/loss</b>		<b>49,141,188</b>	<b>69,070,287</b>
Staff costs	3	(49,213,402)	(50,507,008)
Depreciation, amortisation and impairment losses	4	(8,277,744)	(11,616,794)
<b>Operating profit/loss</b>		<b>(8,349,958)</b>	<b>6,946,485</b>
Other financial income	5	985,128	194,373
Other financial expenses	6	(4,325,361)	(1,245,189)
<b>Profit/loss before tax</b>		<b>(11,690,191)</b>	<b>5,895,669</b>
Tax on profit/loss for the year	7	2,571,000	(1,316,990)
<b>Profit/loss for the year</b>	8	<b>(9,119,191)</b>	<b>4,578,679</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Plant and machinery		19,840,966	23,714,195
Other fixtures and fittings, tools and equipment		34,387	105,833
Leasehold improvements		585,975	340,625
Property, plant and equipment in progress		2,885,391	2,071,365
<b>Property, plant and equipment</b>	9	<b>23,346,719</b>	<b>26,232,018</b>
Deposits		1,366,344	1,365,945
Deferred tax	11	4,513,000	1,942,000
<b>Financial assets</b>	10	<b>5,879,344</b>	<b>3,307,945</b>
<b>Fixed assets</b>		<b>29,226,063</b>	<b>29,539,963</b>
Raw materials and consumables		3,603,612	4,462,530
Manufactured goods and goods for resale		9,555,043	9,945,090
<b>Inventories</b>		<b>13,158,655</b>	<b>14,407,620</b>
Trade receivables		2,712,391	2,820,622
Contract work in progress	12	178,300	2,585,186
Receivables from group enterprises		67,072,206	78,558,154
Other receivables		2,565,731	1,429,638
Prepayments	13	798,499	370
<b>Receivables</b>		<b>73,327,127</b>	<b>85,393,970</b>
<b>Cash</b>		<b>5,753,560</b>	<b>0</b>
<b>Current assets</b>		<b>92,239,342</b>	<b>99,801,590</b>
<b>Assets</b>		<b>121,465,405</b>	<b>129,341,553</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital		1,500,000	1,500,000
Retained earnings		42,376,229	51,428,226
<b>Equity</b>		<b>43,876,229</b>	<b>52,928,226</b>
Other payables		4,536,046	933,118
<b>Non-current liabilities other than provisions</b>	14	<b>4,536,046</b>	<b>933,118</b>
Bank loans		0	8,271,023
Trade payables		5,195,183	5,707,858
Payables to group enterprises		58,800,467	49,090,928
Joint taxation contribution payable		0	4,062,263
Other payables		9,057,480	8,348,137
<b>Current liabilities other than provisions</b>		<b>73,053,130</b>	<b>75,480,209</b>
<b>Liabilities other than provisions</b>		<b>77,589,176</b>	<b>76,413,327</b>
<b>Equity and liabilities</b>		<b>121,465,405</b>	<b>129,341,553</b>
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	15		
Contingent liabilities	16		
Related parties with controlling interest	17		
Non-arm's length related party transactions	18		
Group relations	19		

# Statement of changes in equity for 2020

	<b>Contributed capital DKK</b>	<b>Retained earnings DKK</b>	<b>Total DKK</b>
Equity beginning of year	1,500,000	51,428,226	52,928,226
Exchange rate adjustments	0	67,194	67,194
Profit/loss for the year	0	(9,119,191)	(9,119,191)
<b>Equity end of year</b>	<b>1,500,000</b>	<b>42,376,229</b>	<b>43,876,229</b>

# Notes

## 1 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.

## 2 Other operating income

The entity has due to Covid-19 received in total 4,349 thousands regarding financial help packages from the Danish Government.

## 3 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	44,865,197	48,040,714
Pension costs	2,811,014	1,944,491
Other social security costs	308,193	142,814
Other staff costs	1,228,998	378,989
	<b>49,213,402</b>	<b>50,507,008</b>

Average number of full-time employees	<b>93</b>	<b>96</b>
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	<b>Remuneration of management 2020 DKK</b>	<b>Remuneration of management 2019 DKK</b>
Total amount for management categories	2,897,971	2,908,463
	<b>2,897,971</b>	<b>2,908,463</b>

## 4 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Depreciation of property, plant and equipment	9,648,006	11,967,630
Profit/loss from sale of intangible assets and property, plant and equipment	(1,370,262)	(350,836)
	<b>8,277,744</b>	<b>11,616,794</b>

## 5 Other financial income

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Other interest income	985,128	194,373
	<b>985,128</b>	<b>194,373</b>



## 6 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	1,444,844	1,150,324
Other interest expenses	87,813	94,865
Exchange rate adjustments	2,792,704	0
	<b>4,325,361</b>	<b>1,245,189</b>

## 7 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	0	1,745,990
Change in deferred tax	(2,571,000)	(429,000)
	<b>(2,571,000)</b>	<b>1,316,990</b>

## 8 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	(9,119,191)	4,578,679
	<b>(9,119,191)</b>	<b>4,578,679</b>

## 9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Cost beginning of year	168,892,401	3,871,301	11,091,600	2,071,366
Additions	5,304,528	0	692,924	814,025
Disposals	(10,656,161)	(40,938)	0	0
<b>Cost end of year</b>	<b>163,540,768</b>	<b>3,830,363</b>	<b>11,784,524</b>	<b>2,885,391</b>
Depreciation and impairment losses beginning of year	(145,178,207)	(3,765,468)	(10,750,975)	0
Depreciation for the year	(9,169,924)	(30,508)	(447,574)	0
Reversal regarding disposals	10,648,329	0	0	0
<b>Depreciation and impairment losses end of year</b>	<b>(143,699,802)</b>	<b>(3,795,976)</b>	<b>(11,198,549)</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>19,840,966</b>	<b>34,387</b>	<b>585,975</b>	<b>2,885,391</b>

## 10 Financial assets

	<b>Deposits DKK</b>	<b>Deferred tax DKK</b>
Cost beginning of year	1,365,945	1,942,000
Additions	399	2,571,000
<b>Cost end of year</b>	<b>1,366,344</b>	<b>4,513,000</b>
<b>Carrying amount end of year</b>	<b>1,366,344</b>	<b>4,513,000</b>

## 11 Deferred tax

	<b>2020 DKK</b>	<b>2019 DKK</b>
Property, plant and equipment	2,123,000	2,158,000
Inventories	(217,000)	(220,000)
Receivables	4,000	4,000
Provisions	220,000	0
Tax losses carried forward	2,383,000	0
<b>Deferred tax</b>	<b>4,513,000</b>	<b>1,942,000</b>

<b>Changes during the year</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Beginning of year	1,942,000	1,513,000
Recognised in the income statement	2,571,000	429,000
<b>End of year</b>	<b>4,513,000</b>	<b>1,942,000</b>

Deferred tax assets are recognized on the basis of expected realized income from sales.

## 12 Contract work in progress

	<b>2020 DKK</b>	<b>2019 DKK</b>
Contract work in progress	2,865,513	3,312,397
Progress billings regarding contract work in progress	(2,687,213)	(727,211)
	<b>178,300</b>	<b>2,585,186</b>

## 13 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

#### 14 Non-current liabilities other than provisions

	<b>Due after more than 12 months 2020 DKK</b>
Other payables	4,536,046
	<b>4,536,046</b>

#### 15 Unrecognised rental and lease commitments

	<b>2020 DKK</b>	<b>2019 DKK</b>
Liabilities under rental or lease agreements until maturity in total	<b>4,482,044</b>	<b>4,587,161</b>
Liabilities under rental agreements or leases with group enterprises until expiry	<b>3,600,000</b>	<b>3,600,000</b>

#### 16 Contingent liabilities

The Entity has promised to provide the financial support required to group companies in order to continue their operations.

The Entity has issued a cross guarantee for the bank debt of the Danish group enterprises. The total bank debt of the Danish group enterprises amounts to DKK 16,500 thousand at 31.12.2020.

The Entity participates in a Danish joint taxation arrangement where Hans Hellestrøm Henningsen Holding ApS 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

The Company has registered the following shareholder to hold more than 5% of the voting share capital, or of the nominal value of the share capital:

DBI Plastics Group A/S, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 27171737

#### 18 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

#### 19 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:  
Hans Hellestrøm Henningsen Holding ApS, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 40730885

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
DBI Holding A/S, Stationsvej 5, 4295 Stenlille, Central Business Registration No. 29821739

# Accounting policies

## Reporting class

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

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.

## 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.

## Income statement

### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statements 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.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### Other operating income

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

activities.

**Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

**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, and gains and losses from the sale of intangible assets and property, plant and equipment.

**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.

The Entity is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

**Balance sheet****Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment losses.

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, sub-suppliers 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, staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation of property, plant and equipment used in the development process are recognised in cost based on time spent on each asset.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 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.

### **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 of 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.

### **Receivables**

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

doubtful debts.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

**Prepayments**

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

**Cash**

Cash comprises cash in hand and bank deposits.

**Other financial liabilities**

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

**Joint taxation contributions payable or receivable**

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax.

**Cash flow statement**

According to section 86(4) of the Danish Financial Statements Act, the Company has decided not to prepare any cash flow statement, as such statement is included in higher-level consolidated financial state