RSM Danmark

Statsautoriseret
Revisionspartnerselskab

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simonsen a/s

Møgelvangs Plads 7, 7900 Nykøbing Mors

Company reg. no. 12 64 63 72

Annual report

1 January - 31 December 2021

The annual report was submitted and approved by the general meeting on the 3 February 2022.

Anders Borg
Chairman of the meeting

Contents

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the board of directors and the managing director have presented the annual report of simonsen a/s for the financial year 1 January - 31 December 2021.

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

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2021 and of the company's results of activities in the financial year 1 January – 31 December 2021.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved at the Annual General Meeting.

Nykøbing Mors, 3 February 2022

Managing Director

Morten Simonsen

Board of directors

Anders Borg Chairman	Morten Simonsen	Klaus Simonsen
Tove Simonsen	Jens Broberg	

Independent auditor's report

To the shareholders of simonsen a/s

Opinion

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

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

Basis for Opinion

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

Management's Responsibilities for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

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

Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

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

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

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

Independent auditor's report

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Nykøbing Mors, 3 February 2022

RSM Danmark
Statsautoriseret Revisionspartnerselskab
Company reg. no. 25 49 21 45

Søren Yde
State Authorised Public Accountant
mne34101

Company information

The company	simonsen a/s Møgelvangs Plads 7 7900 Nykøbing Mors	
	Phone	96691300
	Fax	96691301
	Web site	www.simonsen.eu
	Company reg. no.	12 64 63 72
	Financial year:	1 January - 31 December
Board of directors	Anders Borg, Chairman Morten Simonsen Klaus Simonsen Tove Simonsen Jens Broberg	
Managing Director	Morten Simonsen	
Auditors	RSM Danmark Statsautoriseret Revisionspartnerselskab Limfjordsvej 42 7900 Nykøbing Mors	
Bankers	Danske Bank, Jægersgårdsgade 101B, 8000 Aarhus C	
Parent company	Morten Simonsen Holding ApS	
Subsidiaries	Simonsen Recycling ApS, Nykøbing Mors Simonsen Refractory Service (Shanghai) Co., Ltd., Shanghai	

Financial highlights

DKK in thousands.	2021	2020	2019	2018	2017
Income statement:					
Revenue	243.259	225.669	263.523	231.970	175.372
Gross profit	27.773	28.195	31.530	24.616	22.267
Profit from operating activities	12.292	11.879	13.867	6.599	5.484
Net financials	-107	-35	61	116	109
Net profit or loss for the year	9.486	9.193	10.827	5.203	4.303
Statement of financial position:					
Balance sheet total	67.225	61.123	61.616	53.778	53.429
Investments in property, plant and equipment	489	270	765	418	67
Equity	26.596	26.110	22.917	17.289	16.376
Employees:					
Average number of full-time employees	16	15	15	14	14
Key figures in %:					
Gross margin ratio	11,4	12,5	12,0	10,6	12,7
Profit margin (EBIT-margin)	5,1	5,3	5,3	2,8	3,1
Solvency ratio	39,6	42,7	37,2	32,1	30,7
Return on equity	36,0	37,5	53,9	30,9	30,3

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Profit margin (EBIT margin)

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$$

Return on equity

$$\frac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$$

The principal activities of the company

The company was established on December 1, 1984 by the late Jørgen Simonsen and is 100% privately owned by Klaus and Morten Simonsen, the two sons of the founder. The company is a global supplier of insulating refractories, specialised refractories and carbon materials to the primary aluminium industry and the WtE (Waste to Energy) industry.

The company is an exclusive sales office of global large producers of the company product portfolio.

The company is a sales/trading company with sales globally.

Development in activities and financial matters

The company realised a very satisfactory result in 2021, above budget in terms of both revenue and underlying profitability.

Primary aluminium

2021 was a unique year with the highest noted LME prices for more than a decade. Due to the increased activities globally within construction, automotive etc. the demand for aluminium has been increasing. This has led to more activities for the customers i.e. higher relining rates to ensure more production output. By mid-2021 the LME peaked at USD 3.600/m.t and by end of fiscal year around USD 3.000/m.t.

This increase very much links to the general increase in all indices such as raw materials, oil, sea/land freights etc., which has has led to a steep increase in the product prices by the company, also at an unprecedented level.

The company has, however, been able to introduce the price increases due to strong customer relationships, full transparency and security of supply and production capacity.

Hence the company is representing the largest global producers, the company has been able to meet all delivery requirements and increased demands despite logistical difficulties globally.

The company recorded the largest order backlog in its history.

Waste to Energy (WtE)

The development did not meet expectation and target. WtE and waste management is governed by state rules and expected major projects did not come into fruition due to lack of funding, higher energy prices and delayed execution. The company is, however, in a very strong position and the production partner has added new capacity to meet expected demand, as the focus on green development is very much in focus globally.

Comparison of result versus expected outlined

The result is above budget and expectations.

Expected developments

The company expects to realise a record result in the coming fiscal year, above 2021, in both turnover and profitability.

The market for aluminium shows no signs of slowing down and as such, with the wide range of products, the company is well situated to the increased demand with full focus on availability and easy access to information.

The company will endeavour to be fully paperless in many functions as shipping and sales and the SIMONSEN APP will be a vital tool to increase sales with access to services and information from the mobile phone.

Environmental issues

All associated production partners have full focus on sustainability. A special program to show all efforts will be made with each individual partner to highlight efforts, results and development in the new year.

Events occurring after the end of the financial year

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

Accounting policies

The annual report for simonsen a/s has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (medium sized enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

No consolidated financial statements have been prepared pursuant to section 112 (1) of the Danish Financial Statements Act. The financial statements of simonsen a/s and its group enterprises are included in the consolidated financial statements for Morten Simonsen Holding ApS, Nykøbing Mors, CVR nr. 10 15 50 10.

Pursuant to section 86 (4) of the Danish Financial Statements Act, no statement of cash flows for the enterprise has been prepared, as the relevant information is included in the consolidated financial statements of Morten Simonsen Holding ApS.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Derivatives

At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Income statement

Revenue
The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Investment property costs comprise operating costs, repair and maintenance costs, taxes, charges, and other costs. Costs concerning the heating account are recognised in the statement of financial position as a balance with lessees.

Distribution costs
Distribution costs comprise costs incurred for the distribution of goods sold during the year and for sales campaigns carried out during the year. Also, costs concerning sales staff, advertising and exhibitions costs, and amortisations.

Administration costs
Administration costs comprise costs incurred during the year concerning management and administration, including costs concerning administrative staff, the executive board, office premises, stationery and office supplies, and depreciations.

Cost of sales
Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income
Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in subsidiaries and associates

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement as a proportional share of the group enterprises' post-tax profit or loss.

After full elimination of intercompany profit or loss less amortised of consolidated goodwill, the equity investment in the individual associates are recognised in the income statement as a proportional share of the associate' post-tax profit or loss.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

The company is subject to Danish rules on compulsory joint taxation of Danish group enterprises.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Property, plant, and equipment

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Other fixtures and fittings, tools and equipment	3-10 years	DKK 307.784

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, land, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The company's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in subsidiaries og associates are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Investments

Equity investments in subsidiaries and associates

Equity investments in subsidiaries and associates are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity investments in subsidiaries and associates are recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Equity investments in subsidiaries and associates with a negative equity value are measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

To the extent the equity exceeds the cost, the net revaluation of equity investments in subsidiaries and associates transferred to the reserve under equity for net revaluation according to the equity method. Dividends from subsidiaries expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in subsidiaries and associates.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments

Prepaymentsrecognised under assets comprise incurred costs concerning the following financial year.

Cash on hand and demand deposits

Cash on hand and demand deposits comprise cash at bank and on hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

According to the rules of joint taxation, simonsen a/s is proportionally liable to pay the Danish tax authorities the total income tax, including withholding tax on interest, royalties, and dividends, arising from the jointly taxed group of companies.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

Note		2021	2020
	Revenue	243.258.905	225.669.220
	Production costs	-215.486.186	-197.474.216
	Gross profit	**27.772.719**	**28.195.004**
	Distribution costs	-1.285.596	-1.712.240
	Administration expenses	-14.219.546	-14.598.121
	Other operating income	24.042	0
	Other operating expenses	0	-5.499
	Operating profit	**12.291.619**	**11.879.144**
	Income from investments in subsidiaries	10.016	14.262
	Other financial income from subsidiaries	57.911	106.456
	Other financial income	2.455	23.942
2	Other financial expenses	-176.898	-180.144
	Financing, net	-106.516	-35.484
	Pre-tax net profit or loss	**12.185.103**	**11.843.660**
3	Tax on net profit or loss for the year	-2.699.255	-2.650.238
4	**Net profit or loss for the year**	**9.485.848**	**9.193.422**

Balance sheet at 31 December

All amounts in DKK.

Assets

Note		2021	2020
	Non-current assets		
5	Other fixtures and fittings, tools and equipment	1.572.099	1.564.119
	Total property, plant, and equipment	1.572.099	1.564.119
6	Equity investments in group enterprises	1.583.247	1.092.849
7	Other financial instruments and equity investments	415.970	432.637
	Total investments	1.999.217	1.525.486
	Total non-current assets	**3.571.316**	**3.089.605**
	Current assets		
	Manufactured goods and goods for resale	3.618.758	2.040.373
	Total inventories	3.618.758	2.040.373
	Trade receivables	49.854.262	33.103.777
	Receivables from subsidiaries	2.310.444	5.429.471
	Other receivables	949.866	1.809.518
8	Prepayments	437.694	522.489
	Total receivables	53.552.266	40.865.255
	Cash and cash equivalents	6.482.297	15.127.976
	Total current assets	**63.653.321**	**58.033.604**
	Total assets	**67.224.637**	**61.123.209**

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities

Note		2021	2020
	Equity		
	Contributed capital	500.000	500.000
	Reserve for net revaluation according to the equity method	92.849	92.849
	Retained earnings	26.002.957	19.517.109
	Proposed dividend for the financial year	0	6.000.000
	Total equity	**26.595.806**	**26.109.958**
	Provisions		
9	Provisions for deferred tax	148.653	130.516
	Total provisions	**148.653**	**130.516**
	Liabilities other than provisions		
	Bank loans	200	0
	Trade payables	34.010.548	27.767.331
	Payables to subsidiaries	1.103.619	1.085.773
	Income tax payable	59.118	221.618
	Other payables	5.306.693	5.808.013
	Total short term liabilities other than provisions	40.480.178	34.882.735
	Total liabilities other than provisions	**40.480.178**	**34.882.735**
	Total equity and liabilities	**67.224.637**	**61.123.209**

1 Employee issues

10 Disclosures on fair value

11 Contingencies

12 Related parties

Statement of changes in equity

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2020	500.000	78.587	16.337.949	6.000.000	22.916.536
Distributed dividend	0	0	0	-6.000.000	-6.000.000
Share of profit or loss	0	14.262	3.179.160	6.000.000	9.193.422
Equity 1 January 2021	500.000	92.849	19.517.109	6.000.000	26.109.958
Distributed dividend	0	0	0	-6.000.000	-6.000.000
Share of profit or loss	0	0	6.485.848	0	6.485.848
Extraordinary dividend adopted during the financial year	0	0	3.000.000	0	3.000.000
Distributed extraordinary dividend adopted during the financial year	0	0	-3.000.000	0	-3.000.000
	500.000	**92.849**	**26.002.957**	**0**	**26.595.806**

Notes

All amounts in DKK.

		2021	2020
1.	**Employee issues**		
	Salaries and wages	7.745.300	7.574.873
	Pension costs	2.235.346	2.177.292
	Other costs for social security	522.411	535.042
		10.503.057	**10.287.207**
	Staff costs are recognised as follows in the income statement:		
	Administration expenses	10.503.057	10.287.208
		10.503.057	**10.287.208**
	Board of directors	380.030	380.019
	Average number of employees	16	15

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

		2021	2020
2.	**Other financial expenses**		
	Financial costs, group enterprises	27.096	26.675
	Other financial costs	149.802	153.469
		176.898	**180.144**

		2021	2020
3.	**Tax on net profit or loss for the year**		
	Tax on net profit or loss for the year	2.681.118	2.631.618
	Adjustment of deferred tax for the year	18.137	18.620
		2.699.255	**2.650.238**

All amounts in DKK.

		2021	2020
4.	**Proposed appropriation of net profit**		
	Extraordinary dividend adopted during the financial year	3.000.000	0
	Reserves for net revaluation according to the equity method	0	14.262
	Dividend for the financial year	0	6.000.000
	Transferred to retained earnings	6.485.848	3.179.160
	Total allocations and transfers	**9.485.848**	**9.193.422**

		2021	2020
5.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2021	4.162.114	3.928.140
	Additions during the year	489.255	269.743
	Disposals during the year	-492.344	-35.769
	Cost 31 December 2021	**4.159.025**	**4.162.114**
	Depreciation and writedown 1 January 2021	-2.597.995	-2.325.636
	Amortisation and depreciation for the year	-330.317	-287.245
	Reversal of depreciation, amortisation and impairment loss, assets disposed of	341.386	14.886
	Depreciation and writedown 31 December 2021	**-2.586.926**	**-2.597.995**
	Carrying amount, 31 December 2021	**1.572.099**	**1.564.119**

Notes

All amounts in DKK.

		31/12 2021	31/12 2020
6.	**Equity investments in group enterprises**		
	Cost 1 January 2021	1.000.000	1.000.000
	Additions during the year	480.382	0
	Cost 31 December 2021	**1.480.382**	**1.000.000**
	Revaluations, opening balance 1 January 2021	92.849	78.587
	Net profit or loss for the year before amortisation of goodwill	10.016	14.262
	Revaluation 31 December 2021	**102.865**	**92.849**
	Carrying amount, 31 December 2021	**1.583.247**	**1.092.849**

Group enterprises:

	Domicile	Equity interest
Simonsen Recycling ApS	Nykøbing Mors	100 %
Simonsen Refractory Service (Shanghai) Co., Ltd.	Shanghai	100 %

		31/12 2021	31/12 2020
7.	**Other financial instruments and equity investments**		
	Cost 1 January 2021	432.637	432.637
	Disposals during the year	-16.667	0
	Cost 31 December 2021	**415.970**	**432.637**
	Carrying amount, 31 December 2021	**415.970**	**432.637**
8.	**Prepayments**		
	Deferred insurance and other prepayments	437.694	522.489
		437.694	**522.489**
9.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2021	130.516	111.896
	Deferred tax relating to the net profit or loss for the year	18.137	18.620
		148.653	**130.516**

All amounts in DKK.

10. Disclosures on fair value

	Derived financial instruments
Fair value at 31 December 2021	-306.927
Change in fair value of the year recognised in the statement of financial activity	-432.652

11. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	172
Warranty commitments	1.281
Total contingent liabilities	**1.453**

Joint taxation

With Morten Simonsen Holding ApS, company reg. no 10155010 as administration company, the company is subject to the Danish scheme of joint taxation and is proportionally liable for tax claims within the joint taxation scheme.

The company is proportionally liable for any obligations to withhold tax on interest, royalties, and dividends of the jointly taxed companies.

The liabilities amount to a maximum amount corresponding to the share of the company capital, which is owned directly or indirectly by the ultimate parent company.

Any subsequent adjustments of corporate taxes or withholding tax, etc., may result in changes in the company's liabilities.

All amounts in DKK.

12. Related parties

Controlling interest

Morten Simonsen Holding ApS	Majority shareholder
Møgelvangsplads 7	
DK-7900 Nykøbing Mors	
Denmark	

Consolidated financial statements

The company is included in the consolidated financial statements of Morten Simonsen Holding ApS, Møgelvangsplads 7, DK-7900 Nykøbing Mors, Denmark