

GRAFISK MASKINFABRIK A/S

Bregnerødvej 92
3460 Birkerød
Central Business Registration
No 15155299

Annual report 2019

The Annual General Meeting adopted the annual report on 04.05.2020

Chairman of the General Meeting

Name: Jeppe Rasmussen

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Entity details

Entity

GRAFISK MASKINFABRIK A/S
Bregnerødvej 92
3460 Birkerød

Central Business Registration No (CVR): 15155299
Registered in: Rudersdal
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Jepe Rasmussen
Uffe Nielsen
Randi Villads Nielsen
Dan Højgaard Jensen

Executive Board

Uffe Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of GRAFISK MASKINFABRIK 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 consolidated financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019 and of the results of its operations and cash flows 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.

Birkerød, 04.05.2020

Executive Board

Uffe Nielsen

Board of Directors

Jeppe Rasmussen

Uffe Nielsen

Randi Villads Nielsen

Dan Højgaard Jensen

Independent auditor's report

To the shareholders of GRAFISK MASKINFABRIK A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of GRAFISK MASKINFABRIK 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, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows 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 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements

Independent auditor's report

can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Independent auditor's report

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Copenhagen, 04.05.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Keld Juel Danielsen
State Authorised Public Accountant
Identification No (MNE) mne26741

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Gross profit	27.594	25.322	30.732	29.510	22.109
Operating profit/loss	11.693	10.333	18.972	14.693	13.624
Net financials	94	(55)	(63)	89	644
Profit/loss for the year	9.101	8.173	14.427	11.233	10.993
Total assets	95.884	87.817	71.699	64.867	52.606
Investments in property, plant and equipment	8.789	5.724	106	633	148
Equity	60.560	54.411	52.142	41.927	32.658
Cash flows from (used in) operating activities	8.008	6.843	N/A	(610)	11.949
Cash flows from (used in) investing activities	(8.764)	(5.600)	N/A	(528)	(140)
Cash flows from (used in) financing activities	(3.123)	(6.176)	N/A	(1.392)	(4.772)
Ratios					
Return on equity (%)	15,8	15,3	30,7	30,1	38,4
Equity ratio (%)	63,2	62,0	72,7	64,6	62,1

The financial highlights for 2015 comprise the financial highlights of the parent company, while the financial highlights from 2016 comprise the consolidated financial statements.

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

Ratios	Calculation formula	Calculation formula reflects
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.

Management commentary

Primary activities

The Company develops advanced technology for the industrial and scientific printing industry. This includes both manufacturing of standard line machinery for self-adhesive labels and highly custom machinery for research.

The predominant part of the revenue comes from export markets.

Development in activities and finances

Management considers profit for the year satisfactory – considering the major costs on expansion of workforce and infrastructure.

Outlook

GM has initiated a plan to move out of the existing premises into a new central factory. The current Covid-19 situation has led to an acceleration of the move. It is now expected to be completed before the end of August.

A reduction in the operational cost and increase in efficiency is to be expected after the move.

The Group expects a positive result for the subsequent financial year, but due to uncertainties related to Covid-19 effects the result for 2020 could end lower than the current year profit.

Particular risks

The Company's operational risks are linked to the market conditions in general under which the Company operates on the domestic market as well as the export markets.

As a result of the Company's operations, investments and financing, the Company is exposed to changes in exchange rates and interest-rate level. The Company's policy is not to engage in active speculations in financial risks. Also, the interest-bearing debt is considered not to have a material impact on future earnings.

The Company's foreign currency risks are mainly linked to export. No efforts have been made to hedge the risk of exchange rate fluctuations.

There are no particular risks related to the Company's individual customers or business partners.

The Company faces a move of activities to new premises in the same area.

Intellectual capital resources

The Company's development and production of new products and technology is based on our highly knowledge employees and extensive experience. The company has a large R&D department that employs a significant part of the total work force.

Management commentary

Research and development activities

In addition to the Company's machines intended for the industrial label printing industry, the Company continuously seeks to further develop special machines for a wider range of companies within the print research, flexible's, thin-film and printed electronics industry.

The company has a decade of experience working directly with research department for printed organic solar cells (OPV) at leading universities world wide. This experience continues to drive new in areas such as thin film printing, electron beam (EB) coatings and micro second laser surface abrasion in printed electronics.

Product maintenance costs etc are recognised in the income statement.

Events after the balance sheet date

The Covid-19 has led to a drop in the overall order intake, but long term projects are running unaffected by the situation. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit	2	27.594.409	25.321.901
Distribution costs	2	(7.304.448)	(8.403.145)
Administrative expenses	2	(8.596.756)	(6.585.639)
Operating profit/loss		11.693.205	10.333.117
Other financial income	3	157.910	15.264
Other financial expenses	4	(64.191)	(69.945)
Profit/loss before tax		11.786.924	10.278.436
Tax on profit/loss for the year	5	(2.686.106)	(2.105.271)
Profit/loss for the year	6	9.100.818	8.173.165

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Land and buildings		9.748.405	10.101.317
Other fixtures and fittings, tools and equipment		7.741.526	645.450
Leasehold improvements		59.027	103.753
Property, plant and equipment in progress		639.834	0
Property, plant and equipment	7	<u>18.188.792</u>	<u>10.850.520</u>
Fixed assets		<u>18.188.792</u>	<u>10.850.520</u>
Raw materials and consumables		35.785.040	32.401.499
Work in progress		5.613.414	764.780
Manufactured goods and goods for resale		6.972.550	14.961.883
Inventories		<u>48.371.004</u>	<u>48.128.162</u>
Trade receivables		20.142.247	18.773.086
Other receivables		3.197.418	2.333.015
Income tax receivable		974.948	906.071
Prepayments		1.463.221	1.106.078
Receivables		<u>25.777.834</u>	<u>23.118.250</u>
Cash		<u>3.546.185</u>	<u>5.720.050</u>
Current assets		<u>77.695.023</u>	<u>76.966.462</u>
Assets		<u>95.883.815</u>	<u>87.816.982</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		500.000	500.000
Retained earnings		60.060.459	50.911.164
Proposed dividend		0	3.000.000
Equity		60.560.459	54.411.164
Deferred tax	8	999.000	122.300
Provisions		999.000	122.300
Mortgage debt		2.312.948	2.436.170
Other payables		1.891.661	0
Non-current liabilities other than provisions	9	4.204.609	2.436.170
Current portion of long-term liabilities other than provisions	9	177.672	176.986
Bank loans		3.066.010	1.379.808
Prepayments received from customers		10.759.628	14.461.835
Trade payables		9.147.895	7.282.951
Income tax payable		948.063	376.558
Other payables		6.020.479	7.169.210
Current liabilities other than provisions		30.119.747	30.847.348
Liabilities other than provisions		34.324.356	33.283.518
Equity and liabilities		95.883.815	87.816.982
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		
Subsidiaries	13		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	500.000	50.911.164	3.000.000	54.411.164
Ordinary dividend paid	0	0	(3.000.000)	(3.000.000)
Exchange rate adjustments	0	48.477	0	48.477
Profit/loss for the year	0	9.100.818	0	9.100.818
Equity end of year	500.000	60.060.459	0	60.560.459

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		11.693.205	10.333.117
Amortisation, depreciation and impairment losses		1.425.889	450.819
Working capital changes	10	(3.927.883)	(1.559.563)
Cash flow from ordinary operating activities		9.191.211	9.224.373
Financial income received		155.924	15.264
Financial expenses paid		(62.205)	(69.945)
Income taxes refunded/(paid)		(1.277.318)	(2.326.623)
Cash flows from operating activities		8.007.612	6.843.069
Acquisition etc of property, plant and equipment		(8.789.161)	(5.724.023)
Sale of property, plant and equipment		25.000	123.700
Cash flows from investing activities		(8.764.161)	(5.600.323)
Repayments of loans etc		(122.536)	(176.310)
Dividend paid		(3.000.000)	(6.000.000)
Cash flows from financing activities		(3.122.536)	(6.176.310)
Increase/decrease in cash and cash equivalents		(3.879.085)	(4.933.564)
Cash and cash equivalents beginning of year		4.340.242	9.159.380
Currency translation adjustments of cash and cash equivalents		19.018	114.426
Cash and cash equivalents end of year		480.175	4.340.242
Cash and cash equivalents at year-end are composed of:			
Cash		3.546.185	5.720.050
Short-term debt to banks		(3.066.010)	(1.379.808)
Cash and cash equivalents end of year		480.175	4.340.242

Notes to consolidated financial statements

1. Events after the balance sheet date

The Covid-19 has led to a drop in the overall order intake, but long term projects are running unaffected by the situation. No other events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

	2019 DKK	2018 DKK
2. Staff costs		
Wages and salaries	49.702.540	43.360.344
Pension costs	3.711.159	3.075.634
Other social security costs	886.415	66.436
Other staff costs	2.145.269	1.673.606
	56.445.383	48.176.020
Average number of employees	113	94
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	2.065.075	1.581.051
	2.065.075	1.581.051
	2019 DKK	2018 DKK
3. Other financial income		
Other interest income	8.839	9.877
Exchange rate adjustments	142.896	0
Other financial income	6.175	5.387
	157.910	15.264
	2019 DKK	2018 DKK
4. Other financial expenses		
Other interest expenses	62.088	69.945
Other financial expenses	2.103	0
	64.191	69.945

Notes to consolidated financial statements

	2019 DKK	2018 DKK
5. Tax on profit/loss for the year		
Current tax	1.809.406	2.058.652
Change in deferred tax	876.700	46.619
	2.686.106	2.105.271

	2019 DKK	2018 DKK
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	3.000.000
Retained earnings	9.100.818	5.173.165
	9.100.818	8.173.165

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	Property, plant and equipment in progress DKK
7. Property, plant and equipment				
Cost beginning of year	11.072.612	1.792.845	223.631	0
Additions	0	8.149.327	0	639.834
Disposals	0	(53.780)	0	0
Cost end of year	11.072.612	9.888.392	223.631	639.834
Depreciation and impairment losses beginning of year	(971.295)	(1.147.395)	(119.878)	0
Depreciation for the year	(352.912)	(1.053.251)	(44.726)	0
Reversal regarding disposals	0	53.780	0	0
Depreciation and impairment losses end of year	(1.324.207)	(2.146.866)	(164.604)	0
Carrying amount end of year	9.748.405	7.741.526	59.027	639.834

Notes to consolidated financial statements

	2019 DKK	2018 DKK
8. Deferred tax		
Property, plant and equipment	303.000	45.301
Fixed asset investments	0	(6.600)
Inventories	714.000	97.679
Receivables	(18.000)	(14.080)
	999.000	122.300

Changes during the year

Beginning of year	122.300
Recognised in the income statement	876.700
End of year	999.000

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK	Outstanding after 5 years DKK
9. Liabilities other than provisions				
Mortgage debt	177.672	176.986	2.312.948	1.595.083
Other payables	0	0	1.891.661	0
	177.672	176.986	4.204.609	1.595.083

	2019 DKK	2018 DKK
10. Change in working capital		
Increase/decrease in inventories	(242.842)	(15.620.269)
Increase/decrease in receivables	(2.590.708)	1.212.213
Increase/decrease in trade payables etc	(1.094.333)	12.848.493
	(3.927.883)	(1.559.563)

	2019 DKK	2018 DKK
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	10.607.572	943.000

12. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties is DKK 4.736k.

The Group has guaranteed a loan for GM Ejendomme 2019 ApS. As of 31 December 2019 there is no debt.

Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
13. Subsidiaries					
Grafisk Maskinfabrik - America LLC	Illinois	LLC	100,0	1.893.360	(173.460)

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Gross profit	1	26.765.491	22.993.827
Distribution costs	1	(7.099.544)	(6.089.669)
Administrative expenses	1	(7.846.369)	(5.808.682)
Operating profit/loss		11.819.578	11.095.476
Income from investments in group enterprises		(173.460)	(439.072)
Other financial income	2	151.734	9.877
Other financial expenses	3	(64.074)	(69.945)
Profit/loss before tax		11.733.778	10.596.336
Tax on profit/loss for the year	4	(2.632.960)	(2.423.171)
Profit/loss for the year	5	9.100.818	8.173.165

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Land and buildings		9.748.405	10.101.317
Other fixtures and fittings, tools and equipment		7.643.766	645.450
Leasehold improvements		59.027	103.753
Property, plant and equipment in progress		639.834	0
Property, plant and equipment	6	<u>18.091.032</u>	<u>10.850.520</u>
Investments in group enterprises		1.894.499	2.019.482
Fixed asset investments	7	<u>1.894.499</u>	<u>2.019.482</u>
Fixed assets		<u>19.985.531</u>	<u>12.870.002</u>
Raw materials and consumables		35.171.117	32.184.864
Work in progress		5.613.414	981.415
Manufactured goods and goods for resale		6.972.550	14.452.124
Inventories		<u>47.757.081</u>	<u>47.618.403</u>
Trade receivables		19.653.814	17.463.757
Receivables from group enterprises		539.154	0
Other receivables		3.187.700	2.272.449
Prepayments	8	1.325.661	1.106.078
Receivables		<u>24.706.329</u>	<u>20.842.284</u>
Cash		<u>2.115.413</u>	<u>5.072.061</u>
Current assets		<u>74.578.823</u>	<u>73.532.748</u>
Assets		<u>94.564.354</u>	<u>86.402.750</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		500.000	500.000
Reserve for net revaluation according to the equity method		1.894.499	2.019.482
Retained earnings		58.165.960	48.891.682
Proposed dividend		0	3.000.000
Equity		<u>60.560.459</u>	<u>54.411.164</u>
Deferred tax	9	999.000	122.300
Provisions		<u>999.000</u>	<u>122.300</u>
Mortgage debt		2.312.948	2.436.170
Other payables		1.891.661	0
Non-current liabilities other than provisions	10	<u>4.204.609</u>	<u>2.436.170</u>
Current portion of long-term liabilities other than provisions	10	177.672	176.986
Bank loans		3.065.710	1.379.808
Prepayments received from customers		10.592.730	13.648.384
Trade payables		8.096.917	7.222.300
Payables to group enterprises		0	340.781
Income tax payable		926.260	376.558
Other payables		5.940.997	6.288.299
Current liabilities other than provisions		<u>28.800.286</u>	<u>29.433.116</u>
Liabilities other than provisions		<u>33.004.895</u>	<u>31.869.286</u>
Equity and liabilities		<u>94.564.354</u>	<u>86.402.750</u>
Unrecognised rental and lease commitments	11		
Assets charged and collateral	12		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK
Equity beginning of year	500.000	2.019.482	48.891.682
Ordinary dividend paid	0	0	0
Exchange rate adjustments	0	48.477	0
Profit/loss for the year	0	(173.460)	9.274.278
Equity end of year	500.000	1.894.499	58.165.960

	Proposed dividend DKK	Total DKK
Equity beginning of year	3.000.000	54.411.164
Ordinary dividend paid	(3.000.000)	(3.000.000)
Exchange rate adjustments	0	48.477
Profit/loss for the year	0	9.100.818
Equity end of year	0	60.560.459

Notes to parent financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	48.486.630	40.679.959
Pension costs	3.711.159	3.075.634
Other social security costs	886.415	673.674
Other staff costs	2.134.588	1.673.606
	55.218.792	46.102.873
Average number of employees	109	90
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	2.065.075	1.581.051
	2.065.075	1.581.051
	2019 DKK	2018 DKK
2. Other financial income		
Other interest income	8.839	9.877
Exchange rate adjustments	142.895	0
	151.734	9.877
	2019 DKK	2018 DKK
3. Other financial expenses		
Other interest expenses	62.088	69.945
Other financial expenses	1.986	0
	64.074	69.945
	2019 DKK	2018 DKK
4. Tax on profit/loss for the year		
Current tax	1.756.260	2.376.552
Change in deferred tax	876.700	46.619
	2.632.960	2.423.171

Notes to parent financial statements

	2019 DKK	2018 DKK
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	0	3.000.000
Transferred to reserve for net revaluation according to the equity method	(173.460)	(439.072)
Retained earnings	9.274.278	5.612.237
	9.100.818	8.173.165

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK	Property, plant and equipment in progress DKK
6. Property, plant and equipment				
Cost beginning of year	11.072.612	1.792.845	223.631	0
Additions	0	8.044.102	0	639.834
Disposals	0	(53.780)	0	0
Cost end of year	11.072.612	9.783.167	223.631	639.834
Depreciation and impairment losses beginning of year	(971.295)	(1.147.395)	(119.878)	0
Depreciation for the year	(352.912)	(1.045.786)	(44.726)	0
Reversal regarding disposals	0	53.780	0	0
Depreciation and impairment losses end of year	(1.324.207)	(2.139.401)	(164.604)	0
Carrying amount end of year	9.748.405	7.643.766	59.027	639.834

	Invest- ments in group enterprises DKK
7. Fixed asset investments	
Revaluations beginning of year	2.019.482
Exchange rate adjustments	48.477
Share of profit/loss for the year	(173.460)
Revaluations end of year	1.894.499
Carrying amount end of year	1.894.499

Notes to parent financial statements

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

8. Prepayments

Prepayments include prepaid expenses.

	2019 DKK	2018 DKK
9. Deferred tax		
Property, plant and equipment	303.000	45.301
Fixed asset investments	0	(6.600)
Inventories	714.000	97.679
Receivables	(18.000)	(14.080)
	999.000	122.300
Changes during the year		
Beginning of year	122.300	
Recognised in the income statement	876.700	
End of year	999.000	

	Due within 12 months 2019 DKK	Due within 12 months 2018 DKK	Due after more than 12 months 2019 DKK	Outstanding after 5 years DKK
10. Liabilities other than provisions				
Mortgage debt	177.672	176.986	2.312.948	1.595.083
Other payables	0	0	1.891.661	0
	177.672	176.986	4.204.609	1.595.083

	2019 DKK	2018 DKK
11. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	10.607.572	943.000

12. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The carrying amount of mortgaged properties is DKK 4.736k.

The Group has guaranteed a loan for GM Ejendomme 2019 ApS. As of 31 December 2019 there is no debt.

Accounting policies

Reporting class

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

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

Recognition and measurement

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

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

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

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

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

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

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

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

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

Accounting policies

Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

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

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, production costs and other operating income.

Revenue

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

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Production costs

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

Distribution costs

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

Administrative expenses

Administrative expenses comprise costs incurred for the Entity's administrative functions, including wages

Accounting policies

and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment used for administration of the Entity.

Income from investments in group enterprises

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

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as 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 as well as 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 as well as 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.

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	25 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	5 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.

Accounting policies

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

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

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

Inventories

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

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

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as 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.

Income tax payable or receivable

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

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Accounting policies

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 or the planned settlement of each liability.

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.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt

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

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

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

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

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

Cash flows from financing activities comprise changes in the size or composition of the contributed capital

Accounting policies

and related costs as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

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