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# ***DANPRES A/S***

Mosegårdsvej 4, DK-8670 Låsby

## **Annual Report for 1 October 2020 - 30 September 2021**

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CVR No 19 52 72 47

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
22/12 2021

Ove Trankjær  
Chairman of the General  
Meeting



**pwc**

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of DANPRES A/S for the financial year 1 October 2020 - 30 September 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 30 September 2021 of the Company and of the results of the Company operations and cash flows for 2020/21.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Låsby, 20 December 2021

## Executive Board

Søren Ove Hedegaard Nielsen

## Board of Directors

Robert Zimmermann  
Chairman

Søren Ove Hedegaard Nielsen

Holger Krug

Ove Trankjær

Frank Romlund Mikkelsen  
Staff Representative

# Independent Auditor's Report

To the Shareholder of DANPRES A/S

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 30 September 2021 and of the results of the Company's operations and cash flows for the financial year 1 October 2020 - 30 September 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of DANPRES A/S for the financial year 1 October 2020 - 30 September 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## 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.

## 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.

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, in our view, Management's Review 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 in Management's Review.

## 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 deter-

# Independent Auditor's Report

mines 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 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 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

# Independent Auditor's Report

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.

Aarhus, 20 December 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Christian Roding

statsautoriseret revisor

mne33714

## Company Information

### The Company

DANPRES A/S  
Mosegårdsvej 4  
DK-8670 Låsby

Telephone: + 45 86 95 23 00  
Website: [www.danpres.dk](http://www.danpres.dk)

CVR No: 19 52 72 47  
Financial period: 1 October - 30 September  
Municipality of reg. office: Skanderborg

### Board of Directors

Robert Zimmermann, Chairman  
Søren Ove Hedegaard Nielsen  
Holger Krug  
Ove Trankjær  
Frank Romlund Mikkelsen

### Executive Board

Søren Ove Hedegaard Nielsen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

### Lawyers

Kromann Reumert  
Rådhuspladsen 3  
8000 Aarhus C.

### Bankers

Sydbank A/S, Erhvervskunde-afdelingen  
Store Torv 12  
8000 Aarhus C

Danske Bank, Erhverv Aarhus  
Jægergårdsgade 101B  
8000 Aarhus C

## Financial Highlights

Seen over a five-year period, the development of the Company is described by the following financial highlights:

	2020/21	2019/20	2018/19	2017/18	2016/17
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	48.993	34.294	34.129	31.621	25.683
Operating profit/loss	15.396	2.133	1.898	2.196	-4.112
Net financials	-692	-691	-856	-1.008	-981
Net profit/loss for the year	11.539	1.203	798	922	-3.977
<b>Balance sheet</b>					
Balance sheet total	91.742	71.638	69.300	65.136	64.985
Equity	32.481	20.942	19.739	18.941	18.018
<b>Cash flows</b>					
Cash flows from:					
- investing activities	1.121	7.065	7.548	2.767	1.232
<b>Ratios</b>					
Return on assets	16,8%	3,0%	2,7%	3,4%	-6,3%
Solvency ratio	35,4%	29,2%	28,5%	29,1%	27,7%
Solvency ratio incl. subordinate loan capital	35,4%	32,0%	31,4%	33,7%	32,3%
Return on equity	43,2%	5,9%	4,1%	5,0%	-22,7%



# Management's Review

## Key activities

The Company's main activity is the make-to-order manufacturing of metal products in steel, stainless steel and aluminium to major industrial companies. The Company offers complete solutions from development, laser cutting, plate/coil stans, bending as well as drawn and welded metal parts. In addition, a number of customer-specific special productions as well as warehouse and logistics solutions are offered.

## Development in the year

Profit for the year after tax amounts to DKK 11,539k compared to the profit after tax of DKK 1,203k in 2019/20.

A gross profit of DKK 48,993k was realised in 2020/21, which is a significant increase on 2019/20, in which a gross profit of DKK 34,294k was realised.

Investments in 2020/21 totalled DKK 1,121k.

However, the financial year has been characterised by considerable changes in revenue from the large customers as a result of COVID-19 and the restrictions imposed to avoid the spread of infection.

The profit and financial development are considered satisfactory in relation to how the market has been affected by COVID-19.

The profit for the year exceeds expectations at the beginning of the year.

## Targets and expectations for the year ahead

The Company's outlook is positive as several projects have been implemented again this year within industries that are not considered as cyclically sensitive. Revenue growth is therefore expected. Growth of the customer base continues, and several of the Company's existing customers are increasing revenue on both new and existing products in the coming year.

Therefore, for the coming year, an increased level of activity and investment in further automation and capacity expansions have been budgeted.

Focus will continue to be on strengthening the Company's skills through the development of its organisation and employees.

The Company expects to generate a profit before tax for 2021/22 at the same level as in 2020/21.

# Management's Review

## Intellectual capital resources

The Company is a high-tech company, working purposefully with the latest technologies. This requires employees with vast knowledge, which is why large resources have been spent on education and training as well as organisational development in the financial year. Investment will continue to be made in the training of employees.

## Special risks

The Company's main business risks are linked to market developments and the ability to be strongly positioned in the markets in which the Company renders its services. The Company does not, in its own view, face special currency risks, as it trades only in common currencies such as DKK og EUR. Debtor insurance is taken out on all customers to avoid losses.

## Environmental conditions

The Company organises the production with the least possible impact on the environment and employees. Environmental management and the working environment are an integral part of the Company's management system.

## Subsequent events

No events materially affecting the assessment of the Financial Statements have occurred after the balance sheet date.

## Income Statement 1 October - 30 September

	Note	2020/21 DKK	2019/20 DKK
<b>Gross profit/loss</b>		<b>48.993.116</b>	<b>34.293.584</b>
Staff expenses	1	-27.784.353	-27.041.025
Depreciation, amortisation of property, plant and equipment	4	-5.813.101	-5.119.251
<b>Profit/loss before financial income and expenses</b>		<b>15.395.662</b>	<b>2.133.308</b>
Financial income		42.493	138.180
Financial expenses	2	-734.837	-829.230
<b>Profit/loss before tax</b>		<b>14.703.318</b>	<b>1.442.258</b>
Tax on profit/loss for the year	3	-3.163.895	-238.883
<b>Net profit/loss for the year</b>		<b>11.539.423</b>	<b>1.203.375</b>

## Distribution of profit

### Proposed distribution of profit

Proposed dividend for the year	5.000.000	0
Retained earnings	6.539.423	1.203.375
	<b>11.539.423</b>	<b>1.203.375</b>

## Balance Sheet 30 September

### Assets

	Note	2020/21 DKK	2019/20 DKK
Land and buildings		20.369.006	21.006.977
Plant and machinery		21.602.579	25.732.025
Other fixtures and fittings, tools and equipment		227.599	152.402
<b>Property, plant and equipment</b>	4	<b>42.199.184</b>	<b>46.891.404</b>
<b>Fixed assets</b>		<b>42.199.184</b>	<b>46.891.404</b>
<b>Inventories</b>	5	<b>17.254.930</b>	<b>10.263.463</b>
Trade receivables		18.312.313	10.538.945
Receivables from group enterprises		3.041.066	0
Other receivables		1.185.292	569.556
Corporation tax		0	425.117
Prepayments	6	395.438	295.575
<b>Receivables</b>		<b>22.934.109</b>	<b>11.829.193</b>
<b>Cash at bank and in hand</b>		<b>9.353.758</b>	<b>2.654.384</b>
<b>Currents assets</b>		<b>49.542.797</b>	<b>24.747.040</b>
<b>Assets</b>		<b>91.741.981</b>	<b>71.638.444</b>

# Balance Sheet 30 September

## Liabilities and equity

	Note	2020/21 DKK	2019/20 DKK
Share capital	7	1.128.115	1.128.115
Revaluation reserve		3.629.435	3.724.946
Retained earnings		22.723.868	16.088.934
Proposed dividend for the year		5.000.000	0
<b>Equity</b>		<b>32.481.418</b>	<b>20.941.995</b>
Provision for deferred tax	8	5.190.400	5.292.200
<b>Provisions</b>		<b>5.190.400</b>	<b>5.292.200</b>
Subordinate loan capital		0	2.000.000
Mortgage loans		9.420.482	10.018.650
Lease obligations		6.408.414	9.425.340
Other payables		2.294.192	2.452.726
<b>Long-term debt</b>	9	<b>18.123.088</b>	<b>23.896.716</b>
Mortgage loans	9	598.167	912.384
Credit institutions		109	2.911
Lease obligations	9	3.310.933	2.808.801
Trade payables		24.261.740	13.855.390
Corporation tax		3.265.695	0
Other payables	9	4.404.105	3.885.412
Deferred income	10	106.326	42.635
<b>Short-term debt</b>		<b>35.947.075</b>	<b>21.507.533</b>
<b>Debt</b>		<b>54.070.163</b>	<b>45.404.249</b>
<b>Liabilities and equity</b>		<b>91.741.981</b>	<b>71.638.444</b>
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## Statement of Changes in Equity

	Share capital	Revaluation reserve	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 October	1.128.115	3.724.946	16.088.934	0	20.941.995
Dissolution of previous years' revaluation	0	-95.511	95.511	0	0
Net profit/loss for the year	0	0	6.539.423	5.000.000	11.539.423
<b>Equity at 30 September</b>	<b>1.128.115</b>	<b>3.629.435</b>	<b>22.723.868</b>	<b>5.000.000</b>	<b>32.481.418</b>

## Cash Flow Statement 1 October - 30 September

	Note	2020/21 DKK	2019/20 DKK
Net profit/loss for the year		11.539.423	1.203.375
Adjustments	11	9.669.340	6.045.564
Change in working capital	12	-7.691.300	3.435.717
<b>Cash flows from operating activities before financial income and expenses</b>		<b>13.517.463</b>	<b>10.684.656</b>
Financial income		42.493	138.180
Financial expenses		-734.837	-829.230
<b>Cash flows from ordinary activities</b>		<b>12.825.119</b>	<b>9.993.606</b>
Corporation tax paid		425.117	0
<b>Cash flows from operating activities</b>		<b>13.250.236</b>	<b>9.993.606</b>
Purchase of property, plant and equipment		-1.120.881	-6.871.579
<b>Cash flows from investing activities</b>		<b>-1.120.881</b>	<b>-6.871.579</b>
Repayment of mortgage loans		-912.385	-4.613.484
Reduction of lease obligations		-2.514.794	0
Repayment of other long-term debt		-2.000.000	0
Raising of mortgage loans		0	6.256.188
<b>Cash flows from financing activities</b>		<b>-5.427.179</b>	<b>1.642.704</b>
<b>Change in cash and cash equivalents</b>		<b>6.702.176</b>	<b>4.764.731</b>
Cash and cash equivalents at 1 October		2.651.473	-2.113.258
<b>Cash and cash equivalents at 30 September</b>		<b>9.353.649</b>	<b>2.651.473</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		9.353.758	2.654.384
Credit institutions		-109	-2.911
<b>Cash and cash equivalents at 30 September</b>		<b>9.353.649</b>	<b>2.651.473</b>

# Notes to the Financial Statements

	<u>2020/21</u>	<u>2019/20</u>
	DKK	DKK
<b>1 Staff expenses</b>		
Wages and salaries	25.264.576	24.747.065
Pensions	1.948.682	1.802.832
Other social security expenses	571.095	491.128
	<u><b>27.784.353</b></u>	<u><b>27.041.025</b></u>
<b>Including remuneration to the Executive Board and Board of Directors</b>	<u><b>1.220.469</b></u>	<u><b>2.472.006</b></u>
<b>Average number of employees</b>	<u><b>52</b></u>	<u><b>53</b></u>
Temporary workers' pay out of salaries DKK 1.017.035 (2020/21), 1.738.298 (2019/20)		
<b>2 Financial expenses</b>		
Interest paid to group enterprises	32.278	140.000
Other financial expenses	702.559	689.230
	<u><b>734.837</b></u>	<u><b>829.230</b></u>
<b>3 Tax on profit/loss for the year</b>		
Current tax for the year	3.302.360	0
Deferred tax for the year	-101.800	238.883
Adjustment of deferred tax concerning previous years	-36.665	0
	<u><b>3.163.895</b></u>	<u><b>238.883</b></u>



# Notes to the Financial Statements

## 4 Property, plant and equipment

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment
	DKK	DKK	DKK
Cost at 1 October	24.475.765	76.728.194	1.737.734
Additions for the year	0	976.227	144.654
Disposals for the year	0	-111.941	-41.723
Cost at 30 September	<u>24.475.765</u>	<u>77.592.480</u>	<u>1.840.665</u>
Revaluations at 1 October	<u>6.122.529</u>	<u>0</u>	<u>0</u>
Revaluations at 30 September	<u>6.122.529</u>	<u>0</u>	<u>0</u>
Impairment losses and depreciation at 1 October	9.591.317	50.996.169	1.585.332
Depreciation for the year	637.971	5.105.673	69.457
Reversal of impairment and depreciation of sold assets	0	-111.941	-41.723
Impairment losses and depreciation at 30 September	<u>10.229.288</u>	<u>55.989.901</u>	<u>1.613.066</u>
<b>Carrying amount at 30 September</b>	<b><u>20.369.006</u></b>	<b><u>21.602.579</u></b>	<b><u>227.599</u></b>
Including assets under finance leases amounting to	<u>0</u>	<u>12.613.632</u>	<u>0</u>

\* Land and buildings are revalued at 30 September 2009 at estimated fair value provided by real estate agent. The property has been revalued as of 19 August 2019, which has not given rise to a write-down of the carrying amount.

If revaluation had not been made, the value of land and buildings at 30 September 2021 would be DKK 15,716k.

According to the 2020 public land assessment value, the value of Danish land and buildings amounts to DKK 17,300k.

## 5 Inventories

	2020/21	2019/20
	DKK	DKK
Raw materials and consumables	10.055.434	5.364.666
Work in progress	3.720.592	2.284.826
Finished goods and goods for resale	3.478.904	2.613.971
	<u>17.254.930</u>	<u>10.263.463</u>

## Notes to the Financial Statements

### 6 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest as well.

### 7 Share capital

The share capital consists of 1,128,155 shares of a nominal value of DKK 1. No shares carry any special rights.

The share capital has developed as follows:

	2020/21	2019/20	2018/19	2017/18	2016/17
	DKK	DKK	DKK	DKK	DKK
Share capital at 1 October	1.128.115	1.128.115	1.128.155	1.128.155	855.229
Capital increase	0	0	0	0	272.926
Capital decrease	0	0	0	0	0
<b>Share capital at 30 September</b>	<b>1.128.115</b>	<b>1.128.115</b>	<b>1.128.155</b>	<b>1.128.155</b>	<b>1.128.155</b>

### 8 Provision for deferred tax

	2020/21	2019/20
	DKK	DKK
Provision for deferred tax at 1 October	5.292.200	5.053.317
Amounts recognised in the income statement for the year	-101.800	238.883
<b>Provision for deferred tax at 30 September</b>	<b>5.190.400</b>	<b>5.292.200</b>
Property, plant and equipment	4.943.100	5.135.800
Inventories	254.800	200.000
Amortization	-7.500	-6.900
Tax loss carry-forward	0	-36.700
	<b>5.190.400</b>	<b>5.292.200</b>

Deferred tax has been provided at 22% corresponding to the current tax rate.

# Notes to the Financial Statements

## 9 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2020/21 DKK	2019/20 DKK
<b>Subordinate loan capital</b>		
Between 1 and 5 years	0	2.000.000
Long-term part	0	2.000.000
Within 1 year	0	0
	<b>0</b>	<b>2.000.000</b>
<b>Mortgage loans</b>		
Between 1 and 5 years	9.420.482	10.018.650
Long-term part	9.420.482	10.018.650
Within 1 year	598.167	912.384
	<b>10.018.649</b>	<b>10.931.034</b>
<b>Lease obligations</b>		
Between 1 and 5 years	6.408.414	9.425.340
Long-term part	6.408.414	9.425.340
Within 1 year	3.310.933	2.808.801
	<b>9.719.347</b>	<b>12.234.141</b>
<b>Other payables</b>		
Between 1 and 5 years	2.294.192	2.452.726
Long-term part	2.294.192	2.452.726
Other short-term payables	4.404.105	3.885.412
	<b>6.698.297</b>	<b>6.338.138</b>

## 10 Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

# Notes to the Financial Statements

## 11 Cash flow statement - adjustments

Financial income	-42.493	-138.180
Financial expenses	734.837	829.230
Depreciation, amortisation and impairment losses, including losses and gains on sales	5.813.101	5.115.631
Tax on profit/loss for the year	3.163.895	238.883
	<b>9.669.340</b>	<b>6.045.564</b>

2020/21	2019/20
DKK	DKK

## 12 Cash flow statement - change in working capital

Change in inventories	-6.991.467	1.684.145
Change in receivables	-11.530.033	812.970
Change in trade payables, etc	10.830.200	938.602
	<b>-7.691.300</b>	<b>3.435.717</b>

## 13 Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Mortgage registered to the owner in the amount of nominally DKK 8,500,000 with security in the property at Mosegaardsvej 4.	20.369.006	21.006.977
All-moneys charge in the amount of nominally DKK 3,300,000 with security in the property at Mosegaardsvej 4.	20.369.006	21.006.977

A negative pledge has been made to Danske Bank.

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	253.000	359.000
	<b>253.000</b>	<b>359.000</b>

## Notes to the Financial Statements

	2020/21	2019/20
	DKK	DKK
<b>13 Contingent assets, liabilities and other financial obligations</b> (continued)		

### **Other contingent liabilities**

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

# Notes to the Financial Statements

## 14 Related parties

	<b>Basis</b>
<b>Controlling interest</b>	
Søren Ove Hedegaard Nielsen, Klokkehøj 21, Svejstrup, Skanderborg, Denmark	Executive Director, shareholder and member of the Board of Directors
<b>Other related parties</b>	
Zimmermann PV-Stahlbau GmbH und Co. KG Sandelholtzstrasse 1, Eberhardzell, Deutschland	Affiliated company
Zimmermann PV-Holding GmbH, Sandelholzstrasse 1, Eberhardzell, Deutschland	Shareholder
SON Holding ApS, Klokkehøj 21, Svejstrup, Skanderborg, Denmark	Shareholder
Frank Romlund Mikkelsen, Industriparken 7, Skals, Denmark	Employee representative on the Board of Directors
Holger Krug, Ortsstrasse 53, Eberhardzell, Deutschland	Board member
Ove Trankjær, Krude Møllevøj 10, Katrinedal, Bryrup, Denmark	Board member
Robert Zimmermann, Lerchenstrasse 6, Eberhardzell, Deutschland	Board member

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Apart from the above, there have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

### Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Zimmermann PV-Holding, Sandelholtzstrasse 1, Eberhardzell, Deutschland - ownership 49%

# Notes to the Financial Statements

## 14 Related parties (continued)

Søren Ove Hedegaard Nielsen, Klokkehøj 21, Svejstrup, Skanderborg, Denmark - ownership 10,64%  
SON Holding ApS, Klokkehøj 21, Svejstrup, Skanderborg, Denmark - ownership 40,36%

# Notes to the Financial Statements

## 15 Accounting Policies

The Annual Report of DANPRES A/S for 2020/21 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2020/21 are presented in DKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

### Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in



# Notes to the Financial Statements

## 15 Accounting Policies (continued)

the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

### Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

### Gross profit/loss

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, Expenses for raw materials and consumables, other external expenses and other operating income and expenses.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

### Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

### Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Until the change of ownership on 16 March 2021, the Company was taxed jointly with the Company's then parent company KFM Holding ApS and other affiliated companies of the Group. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance Sheet

### Property, plant and equipment

On acquisition land and buildings are measured at cost comprising the acquisition price and costs of acquisition. The cost of own constructed properties comprises the acquisition price and expenses directly related to the acquisition, including costs of acquisition and indirect expenses for labour, materials, components and suppliers up until the time when the asset is ready for use.

After the initial recognition land and buildings are measured at fair value.

Other property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

when the asset is ready for use.

Depreciation based on cost added revaluations and reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	50 years	
Plant and machinery	7-10 years	
Other fixtures and fittings, tools and equipment	3-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, an impairment test is carried out to determine whether the recoverable amount is lower than the carrying amount. If so, the asset is written down to its lower recoverable amount.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

### Inventories

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

The cost of raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

### **Prepayments**

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### **Equity**

#### ***Dividend***

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

### **Deferred tax assets and liabilities**

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### **Current tax receivables and liabilities**

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

# Notes to the Financial Statements

## 15 Accounting Policies (continued)

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

### Financial Highlights

#### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Solvency ratio incl. subordinate loan capital	$\frac{\text{Equity and subordinate loan capital} \times 100}{\text{Total assets at year end}}$