



## S&K Group A/S

Piniehøj 16  
2960 Rungsted Kyst  
CVR No. 20288442

## Annual report 01.10.2020 - 30.09.2021

The Annual General Meeting adopted the  
annual report on 09.01.2022

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**Flemming Søeborg Sørensen**  
Chairman of the General Meeting

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# Entity details

## Entity

S&K Group A/S

Piniehøj 16

2960 Rungsted Kyst

Business Registration No.: 20288442

Registered office: Hørsholm

Financial year: 01.10.2020 - 30.09.2021

## Board of Directors

Mads Nicolai Søeborg Sørensen, chairman

Flemming Søeborg Sørensen

Ellen Margrethe Søeborg Sørensen

## Executive Board

Flemming Søeborg Sørensen

## Bank

Danske Bank, Finanscenter Storkøbenhavn

Hovedvejen 107

2600 Glostrup

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of S&K Group A/S for the financial year 01.10.2020 - 30.09.2021.

The annual report is presented 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 30.09.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2020 - 30.09.2021.

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.

Rungsted Kyst, 09.01.2022

## Executive Board

**Flemming Søeborg Sørensen**

## Board of Directors

**Mads Nicolai Søeborg Sørensen**  
chairman

**Flemming Søeborg Sørensen**

**Ellen Margrethe Søeborg Sørensen**

# Independent auditor's report

## To the shareholders of S&K Group A/S

### Qualified opinion

We have audited the consolidated financial statements and the parent financial statements of S&K Group A/S for the financial year 01.10.2020 - 30.09.2021, 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, except for the possible effect of the matter specified in the "Basis for qualified opinion" section, 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 30.09.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.10.2020 - 30.09.2021 in accordance with the Danish Financial Statements Act.

### Basis for qualified opinion

The receivable from Søbørg Invest A/S is recognised by DKK 18.0 million in the consolidated financial statements and the parent financial statements. As mentioned in the management commentary, the condition for recognition is the Søbørg Invest A/S Group's ability to finish, market and sell the Group's dental products or technology. At the time of presentation of this annual report, a syndicate of business partners are still in an investigation phase after which it is decided whether the syndicate will enter into a long-term agreement that could contribute to fully development, production and sale of the dental product. Due to the Covid-19 crisis, the investigation phase has been prolonged. At the same time, other projects are under development using the same technology but in different industries, just as Management is working on a possible sale of this technology. On this basis, Management expects that one or more agreements are entered into during the coming year or that a sale of the technology will be realized, ensuring that the Søbørg Invest A/S Group becomes self-financing from the continued operations and that the Group will be able to start repaying its debt to S&K Group A/S. At the present moment, Management is not able to present adequate documentation of this, and due to the insufficient documentation of the recognised value of the receivable, we give a qualified opinion as to the measurement of it.

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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 qualified 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 Entity's ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

### **Auditor's responsibilities for the audit of the 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 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 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

#### **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, 09.01.2022

#### **Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

#### **Søren Strandby**

State Authorised Public Accountant  
Identification No (MNE) mne24684

# Management commentary

## Financial highlights

	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000
<b>Key figures</b>					
Gross profit/loss	62,374	56,326	58,428	57,894	54,487
Operating profit/loss	12,484	7,232	7,495	8,775	4,445
Net financials	(3,572)	(3,749)	(3,944)	(68,826)	(4,009)
Profit/loss for the year	6,930	2,642	2,670	(61,196)	261
Balance sheet total	150,573	138,292	140,459	139,653	193,939
Investments in property, plant and equipment	2,200	1,039	925	721	1,038
Equity	21,111	14,294	11,762	9,200	70,503
<b>Ratios</b>					
Return on equity (%)	39.15	20.28	25.47	(153.56)	0.37
Equity ratio (%)	14.02	10.34	8.37	6.59	36.35

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

### Return on equity (%):

Profit/loss for the year \* 100

Average equity

### Equity ratio (%):

Equity \* 100

Balance sheet total



### Primary activities

As in previous years, the Group's activities are production and sale of technical rubber, plastics, hydraulic equipment, and related activities.

### Development in activities and finances

The Group's operating profit for 2020/21 amounts to DKK 12,484 thousand against DKK 7,232 thousand in 2019/20. Therefore, Management considers the profit for the year satisfactory. Profit for the year after tax amounts to DKK 6,930 thousand. Management expects an operating profit for 2021/22 at the same level as in 2020/21.

### Profit/loss for the year in relation to expected developments

The Group's operating profit increased from DKK 7,232 thousand in 2019/20 to DKK 12,484 thousand in 2020/21, and the increase is considered to meet Management's expectations as indicated in the annual report for 2019/20.

### Uncertainty relating to recognition and measurement

At 30.09.2021, the Group has recognised a receivable from its sister group Søbørg Invest A/S of DKK 18.0 million.

The Søbørg Invest A/S Group is currently finalising a new dental product with great potential. The basic phase of the dental product has been completed. During the financial year, Management worked on technical adjustments/improvements of the product and, at the same time, negotiated an agreement with one or more business partners. At the time of presentation of this annual report, a syndicate of business partners are still in an investigation phase after which it is decided whether the syndicate will enter into a long-term agreement that could contribute to complete development, production and sale of the dental product. Due to the COVID-19 crisis, the investigation phase has been prolonged. At the same time, other projects are under development using the same technology but in different industries, just as Management is working on a possible sale of this technology. On this basis, Management expects that one or more agreements will be entered into during the coming year or that a sale of the technology will be realised, ensuring that the Søbørg Invest A/S Group becomes self-financing from its continued operations. Moreover, Management expects that the Group again will start reducing its balance with S&K Group A/S.

Management assesses that the Søbørg Invest A/S Group will succeed in implementing its plans in the years to come.

### Outlook

Management expects an operating profit in the Group in the range of DKK 11-14 million. Expectations are based on the assumption that the development of the COVID-19 pandemic does not entail significant delays in the Group's delivery of goods from suppliers. Any significant delays in the delivery of goods will reduce the operating profit of the Group.

### Use of financial instruments

Due to its operations, investments and financing, the Group is exposed to changes in exchange rates and interest rate levels. Within the Group, the Parent manages the financial risks centrally and coordinates cash management, such as funding and investment of excess liquidity. The Group operates with a low risk profile, thus limiting the occurrence of currency, interest rate and credit risks, and only occurring in connection with commercial circumstances. Due to the limited risks compared to the Group's total activities, the use of financial instruments has not been further accounted for.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

# Consolidated income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
<b>Gross profit/loss</b>		<b>62,373,639</b>	<b>56,325,987</b>
Staff costs	2	(48,959,409)	(48,340,066)
Depreciation, amortisation and impairment losses	3	(930,580)	(753,923)
<b>Operating profit/loss</b>		<b>12,483,650</b>	<b>7,231,998</b>
Other financial expenses	4	(3,572,120)	(3,749,094)
<b>Profit/loss before tax</b>		<b>8,911,530</b>	<b>3,482,904</b>
Tax on profit/loss for the year		(1,981,286)	(840,833)
<b>Profit/loss for the year</b>	5	<b>6,930,244</b>	<b>2,642,071</b>

# Consolidated balance sheet at 30.09.2021

## Assets

	Notes	2020/21 DKK	2019/20 DKK
Land and buildings		43,914,699	43,386,415
Other fixtures and fittings, tools and equipment		10,693,672	9,958,057
<b>Property, plant and equipment</b>	6	<b>54,608,371</b>	<b>53,344,472</b>
Other receivables		17,954,046	16,924,046
<b>Financial assets</b>	7	<b>17,954,046</b>	<b>16,924,046</b>
<b>Fixed assets</b>		<b>72,562,417</b>	<b>70,268,518</b>
Raw materials and consumables		10,496,189	7,678,650
Manufactured goods and goods for resale		37,673,583	35,348,301
<b>Inventories</b>		<b>48,169,772</b>	<b>43,026,951</b>
Trade receivables		27,823,440	23,897,603
Other receivables		219,311	210,107
Prepayments	8	1,767,073	852,311
<b>Receivables</b>		<b>29,809,824</b>	<b>24,960,021</b>
<b>Cash</b>		<b>31,045</b>	<b>36,454</b>
<b>Current assets</b>		<b>78,010,641</b>	<b>68,023,426</b>
<b>Assets</b>		<b>150,573,058</b>	<b>138,291,944</b>

**Equity and liabilities**

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital	9	1,000,000	1,000,000
Retained earnings		19,996,597	13,180,753
Proposed dividend for the financial year		114,400	113,000
<b>Equity</b>		<b>21,110,997</b>	<b>14,293,753</b>
Deferred tax	10	10,024,000	8,344,000
<b>Provisions</b>		<b>10,024,000</b>	<b>8,344,000</b>
Mortgage debt		27,031,284	29,914,531
Bank loans		9,250,000	13,450,000
Tax payable		456,019	154,734
Other payables		7,966,802	2,267,372
<b>Non-current liabilities other than provisions</b>	11	<b>44,704,105</b>	<b>45,786,637</b>
Current portion of non-current liabilities other than provisions	11	7,121,348	7,041,180
Bank loans		15,757,438	23,685,477
Trade payables		12,732,113	10,376,920
Other payables		39,123,057	28,763,977
<b>Current liabilities other than provisions</b>		<b>74,733,956</b>	<b>69,867,554</b>
<b>Liabilities other than provisions</b>		<b>119,438,061</b>	<b>115,654,191</b>
<b>Equity and liabilities</b>		<b>150,573,058</b>	<b>138,291,944</b>
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		
Subsidiaries	15		

# Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the financial year DKK	Total DKK
Equity beginning of year	1,000,000	13,180,753	113,000	14,293,753
Ordinary dividend paid	0	0	(113,000)	(113,000)
Profit/loss for the year	0	6,815,844	114,400	6,930,244
<b>Equity end of year</b>	<b>1,000,000</b>	<b>19,996,597</b>	<b>114,400</b>	<b>21,110,997</b>

# Consolidated cash flow statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
Operating profit/loss		12,483,650	7,231,998
Amortisation, depreciation and impairment losses		930,580	753,923
Working capital changes	12	2,664,053	582,945
<b>Cash flow from ordinary operating activities</b>		<b>16,078,283</b>	<b>8,568,866</b>
Financial expenses paid		(3,572,120)	(3,749,094)
Taxes refunded/(paid)		0	(1,100)
<b>Cash flows from operating activities</b>		<b>12,506,163</b>	<b>4,818,672</b>
Acquisition etc. of property, plant and equipment		(2,200,479)	(1,039,189)
Sale of property, plant and equipment		6,000	22,000
Acquisition of fixed asset investments		(1,030,000)	(1,117,000)
<b>Cash flows from investing activities</b>		<b>(3,224,479)</b>	<b>(2,134,189)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>9,281,684</b>	<b>2,684,483</b>
Loans raised		5,757,025	0
Repayments of loans etc.		(7,003,079)	(3,237,842)
Dividend paid		(113,000)	(110,600)
<b>Cash flows from financing activities</b>		<b>(1,359,054)</b>	<b>(3,348,442)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>7,922,630</b>	<b>(663,959)</b>
Cash and cash equivalents beginning of year		(23,649,023)	(22,985,064)
<b>Cash and cash equivalents end of year</b>		<b>(15,726,393)</b>	<b>(23,649,023)</b>
Cash and cash equivalents at year-end are composed of:			
Cash		31,045	36,454
Short-term bank loans		(15,757,438)	(23,685,477)
<b>Cash and cash equivalents end of year</b>		<b>(15,726,393)</b>	<b>(23,649,023)</b>

# Notes to consolidated financial statements

## 1 Uncertainty relating to recognition and measurement

The uncertainty relating to measurement of the receivable is mentioned in the management commentary to which we refer.

## 2 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	45,467,695	44,900,914
Pension costs	2,747,063	2,758,402
Other social security costs	744,651	680,750
	<b>48,959,409</b>	<b>48,340,066</b>
Average number of full-time employees	91	91

## 3 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Depreciation on property, plant and equipment	936,580	770,306
Profit/loss from sale of intangible assets and property, plant and equipment	(6,000)	(16,383)
	<b>930,580</b>	<b>753,923</b>

## 4 Other financial expenses

	2020/21 DKK	2019/20 DKK
Other interest expenses	465,090	563,488
Exchange rate adjustments	171	0
Other financial expenses	3,106,859	3,185,606
	<b>3,572,120</b>	<b>3,749,094</b>

## 5 Proposed distribution of profit/loss

	2020/21 DKK	2019/20 DKK
Ordinary dividend for the financial year	114,400	113,000
Retained earnings	6,815,844	2,529,071
	<b>6,930,244</b>	<b>2,642,071</b>



## 6 Property, plant and equipment

	Land and buildings DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	54,173,548	33,296,919
Additions	652,921	1,547,558
<b>Cost end of year</b>	<b>54,826,469</b>	<b>34,844,477</b>
Depreciation and impairment losses beginning of year	(10,787,132)	(23,338,863)
Depreciation for the year	(124,638)	(811,942)
<b>Depreciation and impairment losses end of year</b>	<b>(10,911,770)</b>	<b>(24,150,805)</b>
<b>Carrying amount end of year</b>	<b>43,914,699</b>	<b>10,693,672</b>

## 7 Financial assets

	Other receivables DKK
Cost beginning of year	81,924,046
Additions	1,030,000
<b>Cost end of year</b>	<b>82,954,046</b>
Impairment losses beginning of year	(65,000,000)
<b>Impairment losses end of year</b>	<b>(65,000,000)</b>
<b>Carrying amount end of year</b>	<b>17,954,046</b>

## 8 Prepayments

The item comprises miscellaneous prepaid costs.

## 9 Contributed capital

	Number	Par value DKK	Nominal value DKK
Ordinary shares	1,000	1,000	1,000,000
	<b>1,000</b>		<b>1,000,000</b>

## 10 Deferred tax

	2020/21 DKK	2019/20 DKK
<b>Changes during the year</b>		
Beginning of year	7,659,000	7,659,000
Recognised in the income statement	2,365,000	685,000
<b>End of year</b>	<b>10,024,000</b>	<b>8,344,000</b>

Deferred tax relates to property, plant and equipment, inventories and other provisions.

**11 Non-current liabilities other than provisions**

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK	Outstanding after 5 years 2020/21 DKK
Mortgage debt	2,921,348	2,841,180	27,031,284	16,452,363
Bank loans	4,200,000	4,200,000	9,250,000	0
Tax payable	0	0	456,019	0
Other payables	0	0	7,966,802	0
	<b>7,121,348</b>	<b>7,041,180</b>	<b>44,704,105</b>	<b>16,452,363</b>

**12 Changes in working capital**

	2020/21 DKK	2019/20 DKK
Increase/decrease in inventories	(5,142,821)	(288,778)
Increase/decrease in receivables	(4,849,803)	2,795,339
Increase/decrease in trade payables etc.	12,656,677	(1,923,616)
	<b>2,664,053</b>	<b>582,945</b>

**13 Unrecognised rental and lease commitments**

	2020/21 DKK	2019/20 DKK
Total liabilities under rental or lease agreements until maturity	<b>3,739,523</b>	<b>4,974,142</b>

**14 Assets charged and collateral**

Mortgage debt is secured by way of mortgage on properties with a book value of DKK 43,915 thousand as of 30.09.2021.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK 45,000 thousand nominal.

A company charge of consolidated DKK 35,000 thousand has been provided as security for the combined bank debt of the consolidated companies. The charge comprises trade receivables, inventories, other fixtures and fittings, tools and equipment and intangible assets.

**15 Subsidiaries**

	Registered in	Ownership %
Sørensen & Kofoed A/S	Herlev	100
B.S. Specialslanger A/S	Herlev	100
Linatex A/S	Herlev	100

# Parent income statement for 2020/21

	Notes	2020/21 DKK	2019/20 DKK
<b>Gross profit/loss</b>		<b>2,022,707</b>	<b>1,225,647</b>
Staff costs	2	(5,016,207)	(4,353,523)
Depreciation, amortisation and impairment losses	3	(180,523)	(164,469)
<b>Operating profit/loss</b>		<b>(3,174,023)</b>	<b>(3,292,345)</b>
Income from investments in group enterprises		11,416,885	7,288,128
Other financial expenses	4	(2,574,199)	(2,655,086)
<b>Profit/loss before tax</b>		<b>5,668,663</b>	<b>1,340,697</b>
Tax on profit/loss for the year	5	1,261,581	1,301,374
<b>Profit/loss for the year</b>	6	<b>6,930,244</b>	<b>2,642,071</b>

# Parent balance sheet at 30.09.2021

## Assets

	Notes	2020/21 DKK	2019/20 DKK
Other fixtures and fittings, tools and equipment		906,319	752,477
<b>Property, plant and equipment</b>	<b>7</b>	<b>906,319</b>	<b>752,477</b>
Investments in group enterprises		39,995,146	34,578,261
Other receivables		17,954,046	16,924,046
<b>Financial assets</b>	<b>8</b>	<b>57,949,192</b>	<b>51,502,307</b>
<b>Fixed assets</b>		<b>58,855,511</b>	<b>52,254,784</b>
Receivables from group enterprises		1,829,406	4,660,867
Tax receivable		3,417,073	3,275,361
Prepayments	9	550,625	343,417
<b>Receivables</b>		<b>5,797,104</b>	<b>8,279,645</b>
<b>Cash</b>		<b>1,304</b>	<b>1,476</b>
<b>Current assets</b>		<b>5,798,408</b>	<b>8,281,121</b>
<b>Assets</b>		<b>64,653,919</b>	<b>60,535,905</b>

**Equity and liabilities**

	Notes	2020/21 DKK	2019/20 DKK
Contributed capital		1,000,000	1,000,000
Retained earnings		19,996,597	13,180,753
Proposed dividend for the financial year		114,400	113,000
<b>Equity</b>		<b>21,110,997</b>	<b>14,293,753</b>
Deferred tax	10	143,000	90,000
<b>Provisions</b>		<b>143,000</b>	<b>90,000</b>
Bank loans		9,250,000	13,450,000
Tax payable		456,019	0
Other payables	11	524,703	195,690
<b>Non-current liabilities other than provisions</b>	12	<b>10,230,722</b>	<b>13,645,690</b>
Current portion of non-current liabilities other than provisions	12	4,200,000	4,200,000
Bank loans		5,209,739	12,124,495
Trade payables		348,418	341,320
Payables to group enterprises		5,154,651	0
Other payables		18,256,392	15,840,647
<b>Current liabilities other than provisions</b>		<b>33,169,200</b>	<b>32,506,462</b>
<b>Liabilities other than provisions</b>		<b>43,399,922</b>	<b>46,152,152</b>
<b>Equity and liabilities</b>		<b>64,653,919</b>	<b>60,535,905</b>
Uncertainty relating to recognition and measurement	1		
Unrecognised rental and lease commitments	13		
Contingent liabilities	14		
Assets charged and collateral	15		

# Parent statement of changes in equity for 2020/21

	Contributed capital DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Equity beginning of year	1,000,000	13,180,753	113,000	14,293,753
Ordinary dividend paid	0	0	(113,000)	(113,000)
Profit/loss for the year	0	6,815,844	114,400	6,930,244
<b>Equity end of year</b>	<b>1,000,000</b>	<b>19,996,597</b>	<b>114,400</b>	<b>21,110,997</b>

# Notes to parent financial statements

## 1 Uncertainty relating to recognition and measurement

The uncertainty relating to measurement of the receivable is mentioned in the management commentary to which we refer.

## 2 Staff costs

	2020/21 DKK	2019/20 DKK
Wages and salaries	4,772,261	4,152,611
Pension costs	192,428	160,788
Other social security costs	51,518	40,124
	<b>5,016,207</b>	<b>4,353,523</b>
Average number of full-time employees	7	6

## 3 Depreciation, amortisation and impairment losses

	2020/21 DKK	2019/20 DKK
Depreciation on property, plant and equipment	180,523	164,469
	<b>180,523</b>	<b>164,469</b>

## 4 Other financial expenses

	2020/21 DKK	2019/20 DKK
Exchange rate adjustments	172	0
Other financial expenses	2,574,027	2,655,086
	<b>2,574,199</b>	<b>2,655,086</b>

## 5 Tax on profit/loss for the year

	2020/21 DKK	2019/20 DKK
Current tax	(1,806,770)	(1,646,474)
Change in deferred tax	545,189	344,000
Adjustment concerning previous years	0	1,100
	<b>(1,261,581)</b>	<b>(1,301,374)</b>

## 6 Proposed distribution of profit and loss

	2020/21 DKK	2019/20 DKK
Ordinary dividend for the financial year	114,400	113,000
Retained earnings	6,815,844	2,529,071
	<b>6,930,244</b>	<b>2,642,071</b>

## 7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	1,703,240
Additions	334,365
<b>Cost end of year</b>	<b>2,037,605</b>
Depreciation and impairment losses beginning of year	(950,763)
Depreciation for the year	(180,523)
<b>Depreciation and impairment losses end of year</b>	<b>(1,131,286)</b>
<b>Carrying amount end of year</b>	<b>906,319</b>

## 8 Financial assets

	Investments in group enterprises DKK	Other receivables DKK
Cost beginning of year	57,696,250	81,924,046
Additions	0	1,030,000
<b>Cost end of year</b>	<b>57,696,250</b>	<b>82,954,046</b>
Impairment losses beginning of year	(23,117,989)	(65,000,000)
Share of profit/loss for the year	11,416,885	0
Dividend	(6,000,000)	0
<b>Impairment losses end of year</b>	<b>(17,701,104)</b>	<b>(65,000,000)</b>
<b>Carrying amount end of year</b>	<b>39,995,146</b>	<b>17,954,046</b>

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

## 9 Prepayments

The item comprises miscellaneous prepaid costs.



## 10 Deferred tax

	2020/21 DKK	2019/20 DKK
<b>Changes during the year</b>		
Beginning of year	90,000	(254,000)
Recognised in the income statement	53,000	344,000
<b>End of year</b>	<b>143,000</b>	<b>90,000</b>

## 11 Other payables

	2020/21 DKK	2019/20 DKK
Wages and salaries, personal income taxes, social security costs, etc. payable	325,822	0
Holiday pay obligation	198,881	195,690
	<b>524,703</b>	<b>195,690</b>

## 12 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK	Due within 12 months 2019/20 DKK	Due after more than 12 months 2020/21 DKK
Bank loans	4,200,000	4,200,000	9,250,000
Tax payable	0	0	456,019
Other payables	0	0	524,703
	<b>4,200,000</b>	<b>4,200,000</b>	<b>10,230,722</b>

## 13 Unrecognised rental and lease commitments

	2020/21 DKK	2019/20 DKK
Total liabilities under rental or lease agreements until maturity	<b>18,042</b>	<b>0</b>

## 14 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is, therefore, liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

## 15 Assets charged and collateral

The Entity has jointly and severally guaranteed the combined bank debt of the consolidated companies which amounts to DKK 29,207 thousand at 30.09.2021.

# Accounting policies

## Reporting class

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

The accounting policies applied to these 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' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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

### Foreign currency translation

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

### Income statement

#### Gross profit or loss

Gross profit or loss comprises revenue, other operating income, cost of sales, costs of raw materials and consumables and external expenses.

#### 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.

#### Other operating income

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

#### Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

#### Costs of raw materials and consumables

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

#### Other external expenses

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

#### Staff costs

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

#### Depreciation and impairment losses

Depreciation and impairment losses relating to property, plant and equipment comprise depreciation and impairment losses for the financial year and gains and losses from the sale of property, plant and equipment.

#### 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 intra-group profits or losses.

### Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

### Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

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

## Balance sheet

### Property, plant and equipment

Land and buildings and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	50 years
Other fixtures and fittings, tools and equipment	5-20 years
Cars	5 years
IT equipment	2-5 year

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

### Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

### **Receivables**

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

### **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 and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### **Tax payable or receivable**

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed 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.

### **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.

### **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.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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.

### **Cash flow statement**

The cash flow statement shows cash flows from operating, investing and financing activities, and 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, and 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 and related costs, and the raising of loans, inception of finance leases, repayments of 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.