

Danitech Production A/S

Melskov Alle 10, 6100 Haderslev

CVR no. 25 21 44 04

Annual report 2020

Approved at the Company's annual general meeting on 10 June 2021

Chair of the meeting:

.....
Arne Iversen





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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Danitech Production A/S for the financial year 1 January - 31 December 2020.

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 of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Haderslev, 10 June 2021
Executive Board:

.....
Jens Kahr Andresen

Board of Directors:

.....
Arne Iversen
Chair

.....
Jens Kahr Andresen

.....
Lars Brinch Knudsen

Independent auditor's report

To the shareholders of Danitech Production A/S

Opinion

We have audited the financial statements of Danitech Production A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2020 and of the results of the Company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for 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 rules and requirements.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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.

Independent auditor's report

- ▶ 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 note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

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

Haderslev, 10 June 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Mortensen
State Authorised Public Accountant
mne32743



Management's review

Company details

Name	Danitech Production A/S
Address, Postal code, City	Melskov Alle 10, 6100 Haderslev
CVR no.	25 21 44 04
Established	18 February 2000
Registered office	Haderslev
Financial year	1 January - 31 December
Telephone	+45 76 34 23 05
Board of Directors	Arne Iversen, Chair Jens Kahr Andresen Lars Brinch Knudsen
Executive Board	Jens Kahr Andresen
Auditors	EY Godkendt Revisionspartnerselskab Norgesvej 24 B, 6100 Haderslev, Denmark

Management's review

Business review

The Company's business activity consists in engineering works.

Financial review

The income statement for 2020 shows a loss of DKK 545,477 against a loss of DKK 776,031 last year, and the balance sheet at 31 December 2020 shows equity of DKK 7,804,071.

The loss for the year was not satisfactory. A decrease in revenue of approx. DKK 4 million (14%), which is primarily attributable to the corona pandemic could not be recovered through savings.

If revenue had been in line with 2019, results of operation would have been positive. The Company has landed several new customers in 2020, and revenue expectations for 2021 are thus positive.

Events after the balance sheet date

No events materially affecting the Company's financial position have occurred subsequent to the financial year-end.

Outlook

A profit of DKK 1-2 million is expected for 2021.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2020	2019
	Gross profit	10,160,173	11,783,606
2	Staff costs	-8,671,198	-10,145,186
	Amortisation/depreciation and impairment of property, plant and equipment	-1,877,366	-2,350,807
	Profit/loss before net financials	-388,391	-712,387
	Financial income	83,089	15,141
3	Financial expenses	-238,513	-268,760
	Profit/loss before tax	-543,815	-966,006
4	Tax for the year	-1,662	189,975
	Profit/loss for the year	-545,477	-776,031
	 Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-545,477	-776,031
		-545,477	-776,031

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	ASSETS		
	Fixed assets		
5	Intangible assets		
	Goodwill	3,523,271	3,843,569
		<u>3,523,271</u>	<u>3,843,569</u>
6	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	6,673,619	8,126,233
	Leasehold improvements	284,330	314,862
		<u>6,957,949</u>	<u>8,441,095</u>
	Total fixed assets	<u>10,481,220</u>	<u>12,284,664</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	6,888,052	8,318,588
		<u>6,888,052</u>	<u>8,318,588</u>
	Trade receivables	2,829,852	3,165,924
	Deferred tax assets	600	0
	Other receivables	3,000	2,775
	Prepayments	239,769	233,161
		<u>3,073,221</u>	<u>3,401,860</u>
	Cash	<u>106,812</u>	<u>178,592</u>
	Total non-fixed assets	<u>10,068,085</u>	<u>11,899,040</u>
	TOTAL ASSETS	<u>20,549,305</u>	<u>24,183,704</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2020	2019
	EQUITY AND LIABILITIES		
	Equity		
7	Share capital	2,250,000	2,250,000
	Retained earnings	5,554,071	6,099,548
	Total equity	7,804,071	8,349,548
	Provisions		
	Deferred tax	0	33,100
	Total provisions	0	33,100
	Liabilities other than provisions		
8	Non-current liabilities other than provisions		
	Lease liabilities	4,287,272	5,336,247
	Other payables	988,116	537,320
		5,275,388	5,873,567
	Current liabilities other than provisions		
8	Current portion of long-term liabilities	1,220,579	1,196,227
	Bank debt	1,476,508	4,003,631
	Trade payables	1,581,692	2,166,357
	Payables to group entities	1,273,753	1,157,733
	Other payables	1,912,075	1,390,582
	Deferred income	5,239	12,959
		7,469,846	9,927,489
		12,745,234	15,801,056
	TOTAL EQUITY AND LIABILITIES	20,549,305	24,183,704

- 1 Accounting policies
- 9 Contractual obligations and contingencies, etc.
- 10 Collateral
- 11 Related parties

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	Share capital	Retained earnings	Total
Equity at 1 January 2020	2,250,000	6,099,548	8,349,548
Transfer through appropriation of loss	0	-545,477	-545,477
Equity at 31 December 2020	<u>2,250,000</u>	<u>5,554,071</u>	<u>7,804,071</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Danitech Production A/S for 2020 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

Income from the sale of goods for resale and finished goods, comprising sale is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, cost of sales, other operating income and external expenses have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the entity's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Goodwill	15 years
Buildings	50 years
Other fixtures and fittings, tools and equipment	5 - 10 years
Leasehold improvements	5 years

Depreciation is based on the residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the acquisition date and are reassessed annually. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In the case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.

Land is not depreciated.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Balance sheet

Intangible assets

Goodwill is measured at cost less accumulated amortisation. Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 15 years. The amortisation period is higher than 10 years, which is explained by strategically acquired activities with a long-term earnings profile.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

The cost of raw materials and consumables comprises the cost of acquisition plus delivery costs.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise bank balances.

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2020	2019
2 Staff costs		
Wages/salaries	7,691,764	8,987,710
Pensions	573,248	672,006
Other social security costs	179,224	230,763
Other staff costs	226,962	254,707
	<u>8,671,198</u>	<u>10,145,186</u>
Average number of full-time employees	<u>20</u>	<u>24</u>
3 Financial expenses		
Interest expenses, group entities	33,416	30,208
Other financial expenses	205,097	238,552
	<u>238,513</u>	<u>268,760</u>
4 Tax for the year		
Estimated tax charge for the year	35,362	-24,975
Deferred tax adjustments in the year	-33,700	-165,000
	<u>1,662</u>	<u>-189,975</u>
5 Intangible assets		
DKK		<u>Goodwill</u>
Cost at 1 January 2020		4,804,463
Cost at 31 December 2020		4,804,463
Impairment losses and amortisation at 1 January 2020		960,894
Amortisation/depreciation in the year		320,298
Impairment losses and amortisation at 31 December 2020		1,281,192
Carrying amount at 31 December 2020		<u>3,523,271</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	31,419,005	408,376	31,827,381
Additions in the year	34,500	39,423	73,923
Cost at 31 December 2020	31,453,505	447,799	31,901,304
Impairment losses and depreciation at 1 January 2020	23,292,772	93,514	23,386,286
Amortisation/depreciation in the year	1,487,114	69,955	1,557,069
Impairment losses and depreciation at 31 December 2020	24,779,886	163,469	24,943,355
Carrying amount at 31 December 2020	6,673,619	284,330	6,957,949
Property, plant and equipment include finance leases with a carrying amount totalling	5,443,821	0	5,443,821

DKK	2020	2019
7 Share capital		
Analysis of the share capital:		
2,250,000 Ordinary shares of DKK 1.00 nominal value each	2,250,000	2,250,000
	2,250,000	2,250,000

8 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2020	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	5,507,851	1,220,579	4,287,272	0
Other payables	988,116	0	988,116	0
	6,495,967	1,220,579	5,275,388	0

Financial statements 1 January - 31 December

Notes to the financial statements

9 Contractual obligations and contingencies, etc.

Other contingent liabilities

The Company is jointly taxed with its parent, Danitech A/S, which acts as management company, and is jointly and severally liable with other jointly taxed group entities for payment of income taxes for the income year 2020 onwards as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

DKK	2020	2019
Rent and lease liabilities	319,342	343,694

10 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2020.

11 Related parties

Information about consolidated financial statements

Parent	Domicile	Requisitioning of the parent company's consolidated financial statements
Danitech A/S	Bredholm 4, 6100 Haderslev	www.cvr.dk

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“Med min underskrift bekræfter jeg indholdet og alle datoer i dette dokument.”

Arne Iversen

Dirigent

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Arne Iversen

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Jens Kahr Andresen

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IP: 212.112.xxx.xxx

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Lars Brinch Knudsen

Bestyrelse

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Lars G. Mortensen

Statsautoriseret revisor

På vegne af: EY Godkendt Revisionspartnerselskab

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