

Danitech Production A/S


Melskov Alle 10, 6100 Haderslev

CVR no. 25 21 44 04

Annual report 2019

Approved at the Company's annual general meeting on 24 August 2020

Chairman:





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Financial statements 1 January - 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes to the financial statements	11

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 2019.

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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019.

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, 4 May 2020

Executive Board:



Jens Kahr Andersen

Board of Directors:



Arne Iversen
Chairman



Jens Kahr Andersen



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 2019, 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 2019 and of the results of the Company's operations for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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, 4 May 2020
ERNST & YOUNG
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, Chairman Jens Kahr Andresen Lars Brinch Knudsen
Executive Board	Jens Kahr Andresen
Auditors	Ernst & Young 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 2019 shows a loss of DKK 776,031 against a loss of DKK 2,101,497 last year, and the balance sheet at 31 December 2019 shows equity of DKK 8,349,548.

The year was affected by costs related to renovations and extensions to the Company's property. The domicile was sold til Danitech A/S during the financial year. 2018 was also affected by loss-making contracts. This has been rectified significantly in 2019.

The results for the year are considered unsatisfactory.

Events after the balance sheet date

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

Outlook

The Company expects to generate a profit of DKK 1.5-2.0 million in 2020. It is, however difficult to assess the impact which the corona crisis will have on society.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2019	2018
	Gross profit	11,783,606	9,893,558
2	Staff costs	-10,145,186	-10,163,643
3	Amortisation/depreciation of intangible assets and property, plant and equipment	-2,350,807	-1,683,286
	Other operating expenses	0	-272,099
	Profit/loss before net financials	-712,387	-2,225,470
	Financial income	15,141	9,285
4	Financial expenses	-268,760	-456,492
	Profit/loss before tax	-966,006	-2,672,677
5	Tax for the year	189,975	571,180
	Profit/loss for the year	-776,031	-2,101,497
	Recommended appropriation of profit/loss		
	Retained earnings/accumulated loss	-776,031	-2,101,497
		<u>-776,031</u>	<u>-2,101,497</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Goodwill	3,843,569	4,163,867
		<u>3,843,569</u>	<u>4,163,867</u>
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	8,126,233	9,515,981
	Leasehold improvements	314,862	358,776
		<u>8,441,095</u>	<u>9,874,757</u>
	Total fixed assets	<u>12,284,664</u>	<u>14,038,624</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	8,318,588	6,514,464
		<u>8,318,588</u>	<u>6,514,464</u>
	Receivables		
	Trade receivables	3,165,924	3,920,592
	Receivables from group entities	0	277,805
	Income taxes receivable	0	86,000
	Other receivables	2,775	0
	Prepayments	233,161	231,767
		<u>3,401,860</u>	<u>4,516,164</u>
	Cash	<u>178,592</u>	<u>43,717</u>
	Total non-fixed assets	<u>11,899,040</u>	<u>11,074,345</u>
	TOTAL ASSETS	<u>24,183,704</u>	<u>25,112,969</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2019	2018
	EQUITY AND LIABILITIES		
	Equity		
8	Share capital	2,250,000	2,000,000
	Retained earnings	6,099,548	7,125,579
	Total equity	8,349,548	9,125,579
	Provisions		
	Deferred tax	33,100	198,100
	Total provisions	33,100	198,100
	Liabilities other than provisions		
9	Non-current liabilities other than provisions		
	Lease liabilities	5,336,247	6,279,683
	Payables to group entities	0	1,012,500
	Other payables	537,320	250,000
		5,873,567	7,542,183
	Current liabilities other than provisions		
9	Current portion of long-term liabilities	1,196,227	1,693,357
	Bank debt	4,003,631	3,024
	Trade payables	2,166,357	4,510,204
	Payables to group entities	1,157,733	104,755
	Other payables	1,390,582	1,935,767
	Deferred income	12,959	0
		9,927,489	8,247,107
	Total liabilities other than provisions	15,801,056	15,789,290
	TOTAL EQUITY AND LIABILITIES	24,183,704	25,112,969

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

Financial statements 1 January - 31 December

Statement of changes in equity

DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity at 1 January 2019	2,000,000	7,125,579	9,125,579
Capital increase	250,000	750,000	1,000,000
Transfer through appropriation of loss	0	-776,031	-776,031
Purchase of treasury shares	0	-2,000,000	-2,000,000
Sale of treasury shares	0	1,000,000	1,000,000
Equity at 31 December 2019	<u>2,250,000</u>	<u>6,099,548</u>	<u>8,349,548</u>

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Danitech Production A/S for 2019 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 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 expenses

Other operating expenses comprise items of a secondary nature relative to the Company's core activities, including losses 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 - 7 years
Leasehold improvements	5 years

The residual value is determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised. In case of changes in 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".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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.

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	2019	2018
2 Staff costs		
Wages/salaries	8,987,710	8,974,420
Pensions	672,006	697,385
Other social security costs	230,763	187,207
Other staff costs	254,707	304,631
	<u>10,145,186</u>	<u>10,163,643</u>
 Average number of full-time employees	 <u>24</u>	 <u>24</u>
3 Amortisation/depreciation of intangible assets and property, plant and equipment		
Amortisation of intangible assets	320,298	320,298
Depreciation of property, plant and equipment	2,030,509	1,362,988
	<u>2,350,807</u>	<u>1,683,286</u>
4 Financial expenses		
Interest expenses, group entities	30,208	262,500
Other financial expenses	238,552	193,992
	<u>268,760</u>	<u>456,492</u>
5 Tax for the year		
Estimated tax charge for the year	-24,975	-281,465
Deferred tax adjustments in the year	-165,000	-289,715
	<u>-189,975</u>	<u>-571,180</u>
6 Intangible assets		
DKK		<u>Goodwill</u>
Cost at 1 January 2019		<u>4,804,463</u>
Cost at 31 December 2019		<u>4,804,463</u>
Impairment losses and amortisation at 1 January 2019		640,596
Amortisation/depreciation in the year		<u>320,298</u>
Impairment losses and amortisation at 31 December 2019		<u>960,894</u>
Carrying amount at 31 December 2019		<u>3,843,569</u>

Financial statements 1 January - 31 December

Notes to the financial statements

7 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2019	30,001,136	371,148	30,372,284
Additions in the year	559,619	37,228	596,847
Disposals in the year	-246,750	0	-246,750
Cost at 31 December 2019	30,314,005	408,376	30,722,381
Impairment losses and depreciation at 1 January 2019	20,485,155	12,372	20,497,527
Amortisation/depreciation in the year	1,949,367	81,142	2,030,509
Reversal of amortisation/depreciation and impairment of disposals	-246,750	0	-246,750
Impairment losses and depreciation at 31 December 2019	22,187,772	93,514	22,281,286
Carrying amount at 31 December 2019	8,126,233	314,862	8,441,095
Property, plant and equipment include finance leases with a carrying amount totalling	6,234,821	0	6,234,821

DKK	2019	2018
8 Share capital		
Analysis of the share capital:		
2,250,000 Ordinary shares of DKK 1.00 nominal value each	2,250,000	2,000,000
	2,250,000	2,000,000

9 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2019	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	6,532,474	1,196,227	5,336,247	0
Other payables	537,320	0	537,320	0
	7,069,794	1,196,227	5,873,567	0

Financial statements 1 January - 31 December

Notes to the financial statements

10 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 2019 onwards as well as withholding taxes on interest, royalties and dividends.

Other financial obligations

Other rent and lease liabilities:

DKK	2019	2018
Rent and lease liabilities	343,694	236,250

11 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2019.

12 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