

Ammeraal Beltech Modular A/S

DK-Hjulmagervej 21
7000 Vejle

CVR no. 25 53 94 19

Annual report 2020

The annual report was presented and approved at
the Company's annual general meeting on

25 May 2021

Chairman

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Statement by the Supervisory Board and the Executive Board

The Supervisory Board and the Executive Board have today discussed and approved the annual report of Ammeraal Beltech Modular A/S for the financial year 1 January – 31 December 2020.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position 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 development in the Company's operations and financial matters, of the results for the year and of the Company's financial position.

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

Vejle, 25 May 2021
Executive Board:

Alex Peter Ludvigsen

Rasmus Winther
Caspersen

Supervisory Board:

Michael Wilhelmer
Chairman

Willem Cornelis Lambrecht

Carlos Ramos Martinez

José Wattez-Krebs
Employee representative

Martin Stoustrup Petersen
Employee representative

Independent auditor's report

To the shareholder of Ammeraal Beltech Modular A/S

Opinion

We have audited the financial statements of Ammeraal Beltech Modular A/S for the financial year 1 January – 31 December 2020 comprising 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 Company's assets, liabilities and financial position 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 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility 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 that 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

- identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the 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 Statements Act. We did not identify any material misstatement of the Management's review.

Kolding, 25 May 2021

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised
Public Accountant
mne33220

Ammeraal Beltech Modular A/S
Annual report 2020
CVR no. 25 53 94 19

Management's review

Company details

Ammeraal Beltech Modular A/S
Hjulgagervej 21
7000 Vejle

CVR no.: 25 53 94 19
Registered office: Vejle
Financial year: 1 January – 31 December

Supervisory Board

Michael Wilhelmer, Chairman
Willem Cornelis Lambrecht
Carlos Ramos Martinez
José Wattez-Krebs, Employee representative
Martin Stoustrup Petersen, Employee representative

Executive Board

Alex Peter Ludvigsen
Rasmus Winther Caspersen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Jupitervej 4, st.
6000 Kolding

Management's review

Financial highlights

DKK'000	2020	2019	2018	2017	2016
Key figures					
Revenue	456,796	390,351	388,417	363,680	357,392
Gross profit	227,448	142,651	135,957	117,567	153,863
Operating profit	109,915	29,867	32,869	26,582	62,142
Profit for the year	83,463	144,355	35,922	17,215	46,735
Balance sheet					
Total assets	478,585	422,189	375,733	355,194	256,976
Equity	339,278	255,815	220,691	224,812	207,597
Investment in property, plant and equipment	15,341	24,996	40,908	18,192	7,844
Ratios					
Gross margin	49.8%	36.5%	35.0%	32.3%	43.1%
Operating margin	24.1%	7.7%	8.5%	7.3%	17.4%
Return on equity	28.1%	60.6%	8.1%	25.4%	25.6%
Employees					
Average number of full- time employees	182	187	190	175	190

The financial ratios have been calculated as follows:

Gross margin
$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Operating margin
$$\frac{\text{Operating profit/loss} \times 100}{\text{Revenue}}$$

Return on equity
$$\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$$

Management's review

Operating review

Principal activities

The Company's activity consists of the development, production and sale of modular belts and chains made of plastic and steel for the use on internal conveyors. Primary market segments are the food processing, packaging and automotive industries.

Development in activities and financial position

Growth continued in 2020 for AMMERAAL BELTECH MODULAR A/S despite the outbreak of COVID-19. Sale of our modular products grew globally with all major products series and on all major markets.

Revenue increased 16% to MDKK 438 vs MDKK 379 in 2019. The Company's income statement for 2020 shows a gross profit of MDKK 227 vs MDKK 143 last year. The gross profit increase is partly related to higher sales but also related to savings on raw materials due to better prices and a devaluation of the USD. Gross profit is further significantly impacted by a very tight cost control that was implemented due to COVID-19 and specific COVID-19 savings programs were initiated.

From an overall perspective, EBITDA performance in 2020 was much better than last year but slightly below the expectations that was set out for 2020, but due to COVID-19 the result is considered very satisfactory.

Results for 2020 both related to revenue and gross profit have been much better than expected at the time of the release of the annual report 2019. The outbreak of COVID-19 did not have the projected impact on our revenue and gross profit. Further, as already written the very tight cost control and the saving programs implemented have also supported the positive development in gross profit.

Outlook

Revenue is expected to increase 2-4% in 2021, however the EBITDA is expected to be 10-15% lower than 2020, and is related to establishment of a focused R&D function in DK, which is expected to lead to higher sales world-wide already in 2022 for modular products. The formation of a focused R&D function will also lead to a scaling up of resources in 2021. 2021 EBITDA is also expected to be impacted by an increase in production cost as in 2020 there was a high focus on cost savings due to COVID-19.

Based on latest developments in the world market supply on POM which is currently very scarce and which will lead to price increases. Currently the impact is unknown.

Financial instruments

The Company's risk exposure

Particular risks

No special risks apart from generally occurring risks in the industry.

Operating risks

The key business risk of AMMERAAL BELTECH MODULAR A/S is related to the potential inability to be competitive in our main markets. Our continuous development and launch of new products reduce this risk.

Management's review

Operating review

Financial risks

The Company invoices in Danish kroner as well as a number of foreign currencies, primarily Euro, US Dollars and Great British Pounds. Purchases are made primarily in Danish kroner, Euro and Polish zloty.

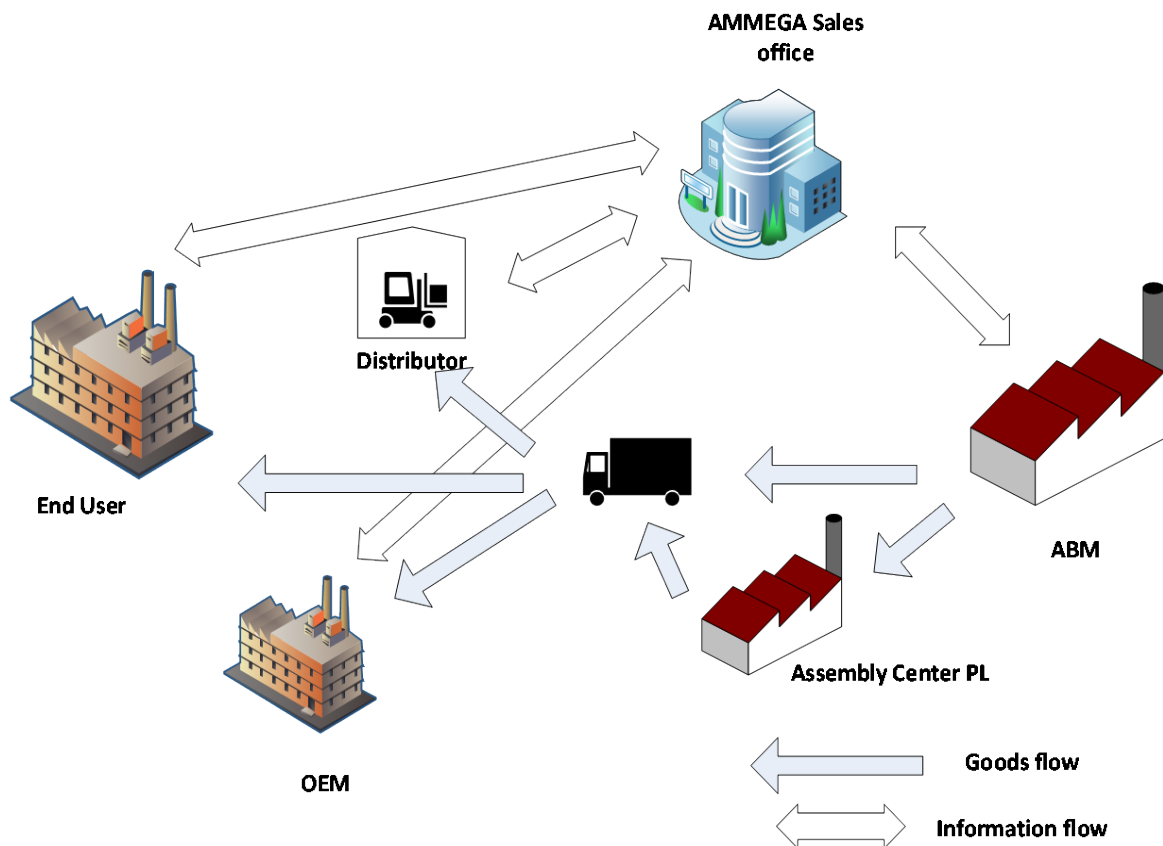
Subsequent events

No subsequent events of relevance.

Business Model

AMMERAAL BELTECH MODULAR A/S is a part of the AMMEGA group, and is responsible for operational management, project management and it owns the manufacturing know-how and technical expertise required in the execution of the manufacturing process. Furthermore, it holds the responsibility and knowhow related to R&D for both new products as well as new technologies.

All Finished Goods (belts, chains and sprockets), are sold to many different industries, where it becomes an integral part of the manufacturing process and equipment. The products are being sold through AMMEGA's global sales organization, who is responsible for local sales and marketing functions. Furthermore, the sales team is involved in the local business development, designing and technical specifications of the product offering in order to meet the client's particular needs, installation, as well as after sales services. The Finished Goods are either delivered from AMMERAAL BELTECH MODULAR A/S or via an assembly site in Poland directly to the end customer, which can be either an End User (a factory), an OEM (a machine builder) or a Distributor.



Management's review

Operating review

Corporate social responsibility

Environment

AMMERAAL BELTECH MODULAR A/S CSR policies and procedures are reflected throughout its overall business model and strategy. AMMERAAL BELTECH MODULAR A/S has conducted a risk evaluation within CSR-related areas and have not found any material risks. AMMERAAL BELTECH MODULAR A/S has not found any breaches of its CSR policies during 2020.

Human rights

AMMERAAL BELTECH MODULAR A/S is supporting and complies with the human rights as set out in the UN Declaration of Human Rights. Besides this AMMERAAL BELTECH MODULAR A/S follows the AMMEGA Code of Conduct.

The Code of Conduct outlines that:

- It is supporting and complies with the human rights as set out in the UN Declaration of Human Rights.
- AMMEGA's employment principles are aligned with all relevant legal requirements and with the standards of the International Labour Organisations to promote rights at work.
- All employees shall be treated fair and with dignity and respect and that AMMEGA shall ensure a workplace free from discrimination.
- AMMEGA will comply with all applicable laws, regulations and agreements related to compensation and benefits, and will work towards the abolition of child labour within our sphere of influence.
- Employees in AMMEGA shall act with business integrity by being compliant with law, not be involved in any bribery, kickbacks, corruption, extortion or embezzlement.
- Further the Code of Conduct is describing guided principles related to the following working conditions: Hiring/retention/promotion/interaction and training.

Actions and results

To ensure compliance with human rights, AMMEGA makes sure that all employees, business partners and other stakeholders receive print or digital copies of the Code of Conduct.

AMMERAAL BELTECH MODULAR A/S is also a member of the Dansk Arbejdsgiverforening (Danish employer association) and has signed and complies with union agreements for all work areas within the company.

Every quarter a job satisfaction survey is conducted. This survey is conducted to get the employee perspective on their well-being. Survey results are distributed to the managers and managers are encouraged to talk to their employees about the result in order to understand which corrective actions shall be made, if any. The latest survey showed overall a good result and satisfied employees.

Besides this, AMMEGA has in 2020 established a global speak up hotline, hosted by a third party, which is promoted to all employees in AMMEGA. All employees have been informed how to report incidents to this hotline late in 2020. In 2020 no incidents related to AMMERAAL BELTECH MODULAR A/S was reported to the hotline.

Management's review

Operating review

KPIs & due diligence

No specific KPIs are measured.

AMMERAAL BELTECH MODULAR A/S has no formalized due diligence process related to CSR for the local entity, but corporate is assisting in assessing all key suppliers in an annual supplier assessment to validate they also adhere to the UN declaration of Human Rights. This is completed as part of AMMEGA's participation in EcoVadis program.

Future efforts

Ammeraal Beltech Modular A/S believes that the current efforts are satisfactory, so no further initiatives have been planned for 2021.

Labour and social conditions

AMMEGA's most important asset is its workforce and AMMERAAL BELTECH MODULAR A/S is aiming at being known as a company taking care of its employees and actively contributing to job satisfaction, well-being, development and safety. Health and safety are an important part of the overall business operations.

AMMERAAL BELTECH MODULAR A/S has a health & safety policy that outlines that the focus is on safety in the execution of the job and on the employee's well-being, commitment and personal development via on-the-job training and education. Besides this AMMERAAL BELTECH MODULAR A/S also follows the global AMMEGA Health & safety policy.

AMMERAAL BELTECH MODULAR A/S has a absenteeism policy that calls out that the aim is to reduce absenteeism via conversations with the employees. This is in place to avoid long term illness and support the employees to avoid long term illness situations.

Besides this AMMERAAL BELTECH MODULAR A/S also has a stress policy which outlines AMMERAAL BELTECH MODULAR A/S 's active role in supporting the employees in order to avoid stress, but also ensuring that the employee returns safely to the work place after a stress incident.

Actions & results

The health & safety manager is responsible for monitoring compliance with local law and to support and stimulate the awareness of Health and Safety in AMMERAAL BELTECH MODULAR A/S . Each and every health & safety incident is evaluated, communicated in the broader group, and the implementation of related corrective measures are being pursued. In 2020 670 near miss incidents and 4 lost time injuries were reported.

The management team participates in weekly Gemba safety walks, with the purpose of identifying potential risks and stimulating safety awareness throughout the entire organization.

Every quarter a job satisfaction survey is conducted. This survey is conducted to get the employee perspective on their well-being. Survey results are distributed to the managers and managers are encouraged to talk to their employees about the result in order to understand which corrective actions shall be made, if any. The latest survey showed overall a good result and satisfied employees.

On a quarterly basis dialogue meetings with AMMERAAL BELTECH MODULAR A/S employees are being held. The goal of these meetings is to ensure that employees know how AMMERAAL BELTECH MODULAR A/S is performing in general but also what new initiatives AMMERAAL BELTECH MODULAR A/S is focusing at. In all these meetings safety is an important agenda topic.

A variety of safety trainings are conducted for relevant blue and white collars on a yearly basis.

Management's review

Operating review

Every year performance appraisals are conducted. Besides performance, also job satisfaction, education and future opportunities are evaluated.

KPIs & due diligence

Ammeraal Beltech Modular A/S continuously measures

- Illness rate
- The Bradford factor
- No. of accidents at work and the no. of near-miss accidents.

Ammeraal Beltech Modular A/S has no formalised due diligence process related to CSR.

Future efforts

Ammeraal Beltech Modular A/S believes that the current efforts are satisfactory, so no further initiatives have been planned for 2021.

Environment

AMMERAAL BELTECH MODULAR A/S has no policies related to environment, however it follows the AMMEGA Responsible Sourcing Policy that describes how the AMMEGA Group shall work with its suppliers and ask them to meet the minimum health & safety, human rights, ethical and environmental standards.

Further the AMMEGA group and thereby AMMERAAL BELTECH MODULAR A/S supports the UNGC universal principles on human rights, labor, environment and anti-corruption. By this AMMEGA strives to take its social responsibility seriously and strive to do business in a way that minimizes the negative impacts and maximizes the positive value for people, the environment and society.

The AMMEGA Group and thereby also AMMERAAL BELTECH MODULAR A/S requests its suppliers to maintain effective policies, processes and procedures to manage their environmental impact and to operate their business in a sustainable manner, consistent with the UNGC's Sustainable Development Goals. Further AMMEGA Group and thereby also AMMERAAL BELTECH MODULAR A/S is also committed to making its products more sustainable by developing cleaner processes and minimize the impact on the environment.

Actions & results

In 2020 AMMERAAL BELTECH MODULAR A/S has introduced the project Clean Sweep, a project defined for the plastic industry internationally which is about minimizing pollution from plastic pellets in the immediate environment. Grids have been installed in drains in the production area and during the weekly Gemba walks it is controlled that there is no plastic floating around neither inside nor outside on the property.

In 2020 the avoided pollution was measured to less than 1 kg of plastic pellets.

Based on the "Energisynsrapport" prepared in 2019, AMMERAAL BELTECH MODULAR A/S did in 2020 exchange lightning to LED in certain parts of the building to reduce the CO2 footprint.

Management's review

Operating review

KPIs & due diligence

AMMERAAL BELTECH MODULAR A/S reports a variety of KPIs related to the business impact on the environment to its head quarter and several are related to CSR. Amongst others AMMERAAL BELTECH MODULAR A/S is on a continuous basis measuring the:

- Energy consumption: Electricity consumption in kWh and Gas consumption in m3
- Water consumption: Water consumption in m3
- Fuel consumption for both company cars and driving in non-company cars but for company related matters.

AMMERAAL BELTECH MODULAR A/S has no formalized due diligence process related to CSR.

Future efforts

In 2022 the goal for AMMERAAL BELTECH MODULAR A/S is to have implemented the ISO 14001 standard.

By 2023 AMMEGA aim to on-board 70% of our group supplier spend from our production sites around the globe into our Supplier Relationship Management Programme. The suppliers that will be part of the Programme have been selected based on the criterias: impact and continuous collaboration with AMMEGA production sites. Main target category for AMMERAAL BELTECH MODULAR A/S is Polymers.

Anti-corruption

Ammeraal Beltech Modular A/S disassociates itself from corruption. The disassociation is expressed in the policies:

- The AMMEGA anti-corruption policy
- Code of Conduct, that is published on the AMMEGA and Ammeraal Beltech Modular A/S intranet.

The anti-corruption policy outlines that:

- Employees in AMMEGA and hereunder AMMERAAL BELTECH MODULAR A/S must act with business integrity by being compliant with law, not be involved in any bribery, facilitation payments, corruption, extortion or embezzlement. All business activities shall be conducted with honesty, integrity, and in accordance with the moral, ethical and legal standards of the country.

Actions & results

AMMEGA has in February 2020 established a speak-up policy and a speak-up tool, hosted by an independent third party, for reporting of amongst others corrupt actions. This forum has late 2020 been promoted to all employees in AMMEGA and hereunder AMMERAAL BELTECH MODULAR A/S . All employees have been instructed via the policy in how to report incidents to this hotline.

In 2020 no incidents related to AMMERAAL BELTECH MODULAR A/S were reported.

KPIs & due diligence

No specific KPIs are measured. AMMERAAL BELTECH MODULAR A/S has no formalized due diligence process related to CSR

Management's review

Operating review

Future efforts

It is the belief of AMMERAAL BELTECH MODULAR A/S that the current efforts are satisfactory, so no further initiatives have been planned for 2021.

Goals and policies for the underrepresented gender

AMMERAAL BELTECH MODULAR A/S is of the opinion that a diverse and accommodating organization makes the Company stronger, fosters a fruitful and innovative working environment and gives the Company additional competitive strength.

We intend to develop and make use of the full potential of our employees and ensure work-life balance for our employees in this respect. Gender equality among the management members and focus on diversity is an integrated part of AMMERAAL BELTECH MODULAR A/S informal staff policy.

AMMERAAL BELTECH MODULAR A/S has no females in the Supervisory Board. The employee representatives are not elected by the Board and as such does not count as Supervisory Board in relation to gender representative. Gender is not decisive to election for the Board of Directors of AMMERAAL BELTECH MODULAR A/S. By contrast, board members are elected due to their insight into the lines of business in which AMMERAAL BELTECH MODULAR A/S operates. The Executive Boards goal for gender diversity is to ensure representation by both genders and the aim is to have 1 female Director represented in the Supervisory Board and in the Executive Board latest in year 2024

In addition, AMMERAAL BELTECH MODULAR A/S 's informal staff policy sets out the target to ensure that both genders should be represented on all other management levels. To increase the number of females on all other management levels AMMERAAL BELTECH MODULAR A/S will in the recruitment processes, require candidates from both genders and in any subsequent planning take into account the underrepresented sex.

Local AMMERAAL BELTECH MODULAR A/S management consists of 7 people hereof two females.

Through its staff, AMMERAAL BELTECH MODULAR A/S wishes to reflect modern society and convey diversity.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2020	2019
Revenue	2	456,796	390,351
Cost of goods sold		-183,844	-190,571
Other operating income		14	0
Other external costs		-45,518	-57,129
Gross profit		227,448	142,651
Staff costs	3	-93,631	-92,504
Depreciation, amortisation and impairment losses		-23,902	-19,927
Other operating costs		0	-353
Profit before financial income and expenses		109,915	29,867
Income from equity investments in group entities		0	122,384
Other financial income	4	5,204	1,812
Other financial expenses	5	-7,443	-2,929
Profit before tax		107,676	151,134
Tax on profit for the year	6	-24,213	-6,779
Profit for the year	7	83,463	144,355

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2020	31/12 2019
ASSETS			
Fixed assets			
Intangible assets	8		
Other intangible assets		13,964	15,959
Goodwill		4,625	5,286
Software		11,594	8,900
		<u>30,183</u>	<u>30,145</u>
Property, plant and equipment	9		
Land and buildings		6,589	6,648
Property, plant and equipment under construction		6,132	4,358
Plant and machinery		107,141	113,176
Fixtures and fittings, tools and equipment		581	478
Leasehold improvements		339	865
		<u>120,782</u>	<u>125,525</u>
Investments	10		
Deposits		3,943	4,055
Total fixed assets		<u>154,908</u>	<u>159,725</u>
Current assets			
Inventories			
Raw materials and consumables		11,426	15,923
Finished goods and goods for resale		35,032	26,967
		<u>46,458</u>	<u>42,890</u>
Receivables	11		
Trade receivables		5,511	12,562
Receivables from group entities		265,070	201,886
Other receivables		5,500	3,892
Prepayments	12	816	836
		<u>276,897</u>	<u>219,176</u>
Cash at bank and in hand		322	398
Total current assets		<u>323,677</u>	<u>262,464</u>
TOTAL ASSETS		<u><u>478,585</u></u>	<u><u>422,189</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2020	31/12 2019
EQUITY AND LIABILITIES			
Equity			
Contributed capital	13	3,000	3,000
Retained earnings		236,278	252,815
Proposed dividends for the financial year		100,000	0
Total equity		<u>339,278</u>	<u>255,815</u>
Provisions			
Provisions for deferred tax	14	16,769	14,522
Other provisions	15	2,167	5,085
Total provisions		<u>18,936</u>	<u>19,607</u>
Liabilities other than provisions			
Non-current liabilities other than provisions			
Lease obligations	16	11,606	17,421
Other payables		6,060	2,652
		<u>17,666</u>	<u>20,073</u>
Current liabilities other than provisions			
Current portion of non-current liabilities	16	5,922	6,460
Other credit institutions, current liabilities		0	1,747
Trade payables		23,608	22,108
Payables to group entities		26,928	66,933
Corporation tax		21,602	5,153
Other payables		24,645	24,293
		<u>102,705</u>	<u>126,694</u>
Total liabilities other than provisions		<u>120,371</u>	<u>146,767</u>
TOTAL EQUITY AND LIABILITIES		<u><u>478,585</u></u>	<u><u>422,189</u></u>

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2020	3,000	252,815	0	255,815
Transferred over the profit appropriation	0	-16,537	100,000	83,463
Extraordinary dividends paid	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Equity at 31 December 2020	<u><u>3,000</u></u>	<u><u>236,278</u></u>	<u><u>100,000</u></u>	<u><u>339,278</u></u>

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Ammeraal Beltech Modular A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C large entities under the Danish Financial Statements Act.

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

The annual report for 2020 is presented in DKK thousand.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Ammega Group BV, Marconistraat 15, Heerhugowaard, 1704RH, the Netherlands, and the consolidated financial statements of Alpha ABMD Holdco BV, Marconistraat 15, Heerhugowaard, 1704RH, the Netherlands.

Change in comparative figures

There has been change in mapping between other external costs and cost of goods sold, which has changed comparative figures, the change has no effect on profit.

Omission of audit fee

Pursuant to section 96(3) of the Danish Financial Statements Act, the Company has not disclosed the fee to auditors appointed at the general meeting. The Company's fee to auditors appointed at the general meeting is included in the consolidated financial statements of Ammega Group BV, Marconistraat 15, Heerhugowaard, 1704RH, the Netherlands, and the consolidated financial statements of Alpha ABMD Holdco BV, Marconistraat 15, Heerhugowaard, 1704RH, the Netherlands.

Business combinations

The book value method is applied to business combinations such as the acquisition and disposal of equity investments, mergers, demergers, contribution of assets, share exchanges, etc., between entities controlled by the Parent Company. The uniting of interests is considered completed as from the earliest accounting period included in the annual report, however, no earlier than the date when the companies became subject to joint control. Comparative figures have not been restated. Differences between the agreed consideration and the carrying amount of the acquired entity is recognised in equity.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates 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, payables and other monetary items denominated in foreign currencies are translated at the exchange rates 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 latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign group entities and associates that are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences

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1 Accounting policies (continued)

arising upon translation of foreign group entities' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign group entities considered part of the total investment in the group entity are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign group entities are recognised directly in equity.

Upon recognition of foreign group entities that are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms © 2020.

Revenue from the sale of goods where installation is a condition for significant risks being considered to have been transferred to the buyer is recognised as revenue when installation has been completed.

Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the fair value method. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

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

For products with a high degree of customisation, revenue is recognised as production takes place, and accordingly, revenue corresponds to the selling price of the work performed for the year (the percentage of completion method). When total income and costs attributable to the contract or the stage of completion at the balance sheet date cannot be estimated reliably, revenue is recognised only at costs incurred and only to the extent that the recovery thereof is likely.

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided.

Services based on time spent are recognised in revenue as the work is performed.

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1 Accounting policies (continued)

Cost of goods sold

Raw materials and consumables include costs relating to raw materials and consumables used in generating the year's revenue.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Other operating costs

Other operating costs comprise items secondary to the activities of the entity, including losses on the disposal of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding finance leases, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Dividends from investments in group entities are recognised in the income statement in the financial year in which dividend is declared. To the extent that the distributed dividend exceeds accumulated earnings at the acquisition date, the dividend is recognised as write-down of the cost of the equity investment.

In case of indication of impairment, an impairment test is conducted. Indication of impairment exists if distributed dividend exceeds profit for the year or if the carrying amount of equity investments exceeds the consolidated carrying amounts of the net assets in the subsidiary.

Tax on profit/loss for the year

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.

The entity and its Danish group entities are taxed on a joint basis. The Danish income tax charge is allocated between profit-making and loss-making Danish entities in proportion to their taxable income (full allocation method).

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1 Accounting policies (continued)

Jointly taxed companies entitled to a tax refund are, as a minimum, reimbursed by the management company according to the current rates applicable to interest allowances, and jointly taxed companies with insufficient tax payments, as a maximum, are to pay a surcharge according to the current rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 7 years.

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Property, plant and equipment

Land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	10 - 33 years
Plant and machinery	5 - 10 years
Fixtures and fittings, tools and equipment	5 - 10 years
Leasehold improvements	10 - 14 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Fixed assets under construction are recognised and measured at cost at the balance sheet date. Upon entry into service, the cost is transferred to the relevant group of property, plant and equipment.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Leases

On initial recognition, leases for non-current assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When 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 treated as the Company's other non-current assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations, etc.

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.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Company's credit risk management policy. The objective indicators used in relation to portfolios are determined on the basis of historical loss experience.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity. Dividends are recognised as a liability at the date of declaration by the annual general meeting.

Provisions

Provisions comprise expected expenses relating to guarantee commitments, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event at the balance sheet date and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at net realisable value or at fair value if the obligation concerned is expected to be settled far into the future.

Corporation tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with 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. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation 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 a guaranteed residual value, if any, based on the interest rate implicit in the lease.

Segment information

Segment information is provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

The distribution of revenue across business segments is, in accordance with section 96 of the Danish Financial Statements Act, not disclosed, as such information may be detrimental to the Group.

2 Segment information

Segment information is provided on geographical markets. The segment information is in line with the Group's accounting policies, risks and internal financial management.

For competitive reasons, segment information on net sales is omitted, see section 96(1) of the Danish Financial Statements Act.

DKK'000	2020	2019
Revenue, Europe	303,226	273,603
Revenue, USA	87,725	64,022
Revenue, Latin America	12,072	3,542
Revenue, Asia	27,377	33,197
Revenue, Other	7,674	4,883
	<u>438,074</u>	<u>379,247</u>

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DKK'000	<u>2020</u>	<u>2019</u>
3 Staff costs		
Wages and salaries	85,338	83,365
Pensions	7,029	7,314
Other social security costs	<u>1,264</u>	<u>1,825</u>
	<u>93,631</u>	<u>92,504</u>
Average number of full-time employees	<u>182</u>	<u>187</u>
Staff costs include remuneration of the Executive Board and Supervisory Board of DKK 2,593 thousand (2019: DKK 3,157 thousand).		
4 Other financial income		
Interest income from group entities	513	0
Other financial income	839	555
Exchange gains	<u>3,852</u>	<u>1,257</u>
	<u>5,204</u>	<u>1,812</u>
5 Other financial expenses		
Other financial expenses	1,692	652
Exchange losses	<u>5,751</u>	<u>2,277</u>
	<u>7,443</u>	<u>2,929</u>
6 Tax on profit for the year		
Current tax for the year	21,602	4,918
Deferred tax for the year	2,247	1,612
Adjustment for prior years	364	170
Adjustment to deferred tax for prior years	<u>0</u>	<u>79</u>
	<u>24,213</u>	<u>6,779</u>
7 Proposed profit appropriation		
Extraordinary dividends paid	100,000	111,917
Retained earnings	<u>-16,537</u>	<u>32,438</u>
	<u>83,463</u>	<u>144,355</u>

Financial statements 1 January – 31 December

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8 Intangible assets

DKK'000	Other intangible assets	Goodwill	Software	Total
Cost at 1 January 2020	17,954	5,947	33,069	56,970
Additions for the year	0	0	5,257	5,257
Disposals for the year	0	0	-320	-320
Cost at 31 December 2020	17,954	5,947	38,006	61,907
Amortisation and impairment losses at 1 January 2020	-1,995	-661	-24,169	-26,825
Amortisation for the year	-1,995	-661	-2,563	-5,219
Reversed amortisation and impairment losses on assets sold	0	0	320	320
Amortisation and impairment losses at 31 December 2020	-3,990	-1,322	-26,412	-31,724
Carrying amount at 31 December 2020	13,964	4,625	11,594	30,183

9 Property, plant and equipment

DKK'000	Land and buildings	Property, plant and equipment under construction	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve- ments	Total
Cost at 1 January 2020	24,611	4,358	361,588	15,713	1,391	407,661
Additions for the year	565	6,132	8,562	82	0	15,341
Disposals for the year	0	0	-1,113	-149	0	-1,262
Transfers for the year	0	-4,358	4,358	0	0	0
Cost at 31 December 2020	25,176	6,132	373,395	15,646	1,391	421,740
Depreciation and impairment losses at 1 January 2020	-17,963	0	-248,412	-14,872	-526	-281,773
Depreciation for the year	-624	0	-17,875	-342	-526	-19,367
Reversed depreciation on assets sold	0	0	33	149	0	182
Depreciation and impairment losses at 31 December 2020	-18,587	0	-266,254	-15,065	-1,052	-300,958
Carrying amount at 31 December 2020	6,589	6,132	107,141	581	339	120,782
Assets held under finance leases	0	0	24,984	0	0	0

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10 Investments

DKK'000	<u>Deposits</u>
Cost at 1 January 2020	4,055
Disposals for the year	<u>-112</u>
Cost at 31 December 2020	3,943
Carrying amount at 31 December 2020	<u><u>3,943</u></u>

11 Receivables

Receivables from group entities comprise DKK 172,376 thousand regarding cash pool (2019: DKK 127,201 thousand).

12 Prepayments

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

13 Equity

Contributed capital consists of 3 shares of a nominal value of DKK 1,000,000.00 each.

All shares rank equally.

There have been no changes in contributed capital during the last five years.

DKK'000	<u>31/12 2020</u>	<u>31/12 2019</u>
14 Provision for deferred tax		
Deferred tax at 1 January	14,522	8,136
Provision in the year	2,247	1,612
Effect of merger	0	4,695
Adjustment to deferred tax in respect of prior year	<u>0</u>	<u>79</u>
	<u><u>16,769</u></u>	<u><u>14,522</u></u>
15 Other provisions		
Customer claims	599	3,517
Floor repair cost	<u>1,568</u>	<u>1,568</u>
Other provisions at 31 December	<u><u>2,167</u></u>	<u><u>5,085</u></u>

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16 Non-current liabilities other than provisions

DKK'000

	31/12 2020	31/12 2019	0-1 years	1-5 years	>5 years
Lease liabilities	17,528	23,881	5,922	11,606	0
Other payables	6,060	2,652	0	6,060	0
	23,588	26,533	5,922	17,666	0

17 Subsequent events

No subsequent events have occurred.

18 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with its Parent Company, Ammega Holding Denmark ApS (management company) and is jointly and severally liable with the other jointly taxed entities for the payment of income taxes from the income year 2013 and onwards and withholding taxes on dividends, interest and royalties falling due for payment on or after 1 July 2012.

Operating lease liabilities

The Company has entered into operating leases with a remaining term of 10 years and an average yearly lease payments of DKK 8,527 thousand, totalling DKK 85,270 thousand.

19 Related party disclosures

Ammeraal Beltech Modular A/S' related parties comprise the following:

Ammeraal Beltech Danmark A/S, Hjulmagervej 21, 7100 Vejle

Ammeraal Beltech Danmark A/S holds the majority of the contributed capital in the Company.

Ammeraal Beltech Modular A/S is part of the consolidated financial statements of Ammega Group BV, Marconistraat 15, Heerhugowaard, 1704RH, the Netherlands, and the consolidated financial statements of Alpha ABMD Holdco BV, Marconistraat 15, Heerhugowaard, 1704RH, the Netherlands, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements can be obtained by contacting the companies at the addresses above.

Related party transactions

DKK'000

	2020
Sale of goods to group entities	409,332
Sale of services to group entities	549
Sale of services to parent entity	1,230
Purchase of goods from group entities	22,416
Purchase of services from group entities	14,074
Purchase of services from parent entity	30,228

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Receivables and payables to group companies are disclosed in the balance sheet, and interest from group entities is disclosed in note 4.

Ownership

The following shareholders are registered in the Company's register of shareholders as holding a minimum of 5% of the votes or a minimum of 5% of the contributed capital:

Ammeraal Beltech Danmark A/S
Hjulgagervej 21, 7100 Vejle