



BSB Maskinfabrik A/S

Kongsbjerg 33
6640 Lunderskov
CVR No. 25631587

Annual report 2020

The Annual General Meeting adopted the
annual report on 26.05.2021

Jesper Knudsen

Chairman of the General Meeting

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Entity details

Entity

BSB Maskinfabrik A/S

Kongsbjerg 33

6640 Lunderskov

CVR No.: 25631587

Registered office: Kolding

Financial year: 01.01.2020 - 31.12.2020

Phone number: 75559966

Fax: 75559966

URL: www.bsb-industry.dk

Board of Directors

Jesper Knudsen, Chairman

Benny Elneff, Board member

Bjarne Elneff, Board member

Executive Board

Teddy Norsgaard Jørgensen, Chief executive officer

Bank

Danske Bank A/S, Finanscenter Trekantområdet

Havneparken 3

7100 Vejle

Attorney

Andersen Partners

Jernbanegade 31

6000 Kolding

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of BSB Maskinfabrik A/S for the financial year 01.01.2020 - 31.12.2020.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Lunderskov, 26.05.2021

Executive Board

Teddy Norsgaard Jørgensen

Chief executive officer

Board of Directors

Jesper Knudsen

Chairman

Benny Elneff

Board member

Bjarne Elneff

Board member

Independent auditor's report

To the shareholders of BSB Maskinfabrik A/S

Opinion

We have audited the financial statements of BSB Maskinfabrik A/S for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant 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 Entity's financial position at 31.12.2020 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 this auditor's report. We are independent of the Entity in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Kolding, 26.05.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Anders Flou

State Authorised Public Accountant
Identification No (MNE) mne32777

Morten Almtoft Lund

State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000
Key figures					
Revenue	540,718	424,592	324,235	294,520	220,026
Gross profit/loss	108,699	85,876	77,603	95,600	56,938
Operating profit/loss	50,458	37,116	33,470	27,648	11,872
Net financials	(1,697)	(1,029)	(1,763)	(781)	(1,879)
Profit/loss for the year	37,967	28,112	24,708	20,957	7,793
Total assets	284,009	261,148	256,149	151,359	93,199
Investments in property, plant and equipment	2,870	426	8957	2829	11262
Equity	127,320	99,357	76,321	56,649	37,612
Ratios					
Gross margin (%)	20.10	20.23	23.93	32.46	25.88
EBIT margin (%)	9.33	8.74	10.32	9.39	5.40
Net margin (%)	7.02	6.62	7.62	7.12	3.54
Return on equity (%)	33.50	32.00	37.16	44.47	25.5
Equity ratio (%)	44.83	38.05	29.80	37.43	40.36

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

Gross margin (%):

$\frac{\text{Gross profit/loss}}{\text{Revenue}} * 100$

Revenue

EBIT margin (%):

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

Revenue

Net margin (%):

$\frac{\text{Profit/loss for the year}}{\text{Revenue}} * 100$

Revenue

Return on equity (%):

$\frac{\text{Profit/loss for the year}}{\text{Average equity}} * 100$

Average equity

Equity ratio (%):

Equity * 100

Total assets

Primary activities

The Company's primary activity is to provide total solutions in steel, stainless steel and aluminum. The Company provides complete innovative solutions to the global market.

Development in activities and finances

The Company's activity for 2020 has exceeded expectations and, as a result, the financial performance has also been above expectations. The reason is that there has been a great demand for the Company's products and services. There has been a large demand for the Company's services/products that is related to total solutions, and this area has especially contributed to the growth.

Outlook

The Company operates in a highly competitive market, but a market with high activity. In beginning of 2021 the industry has seen large price increases on raw material, and it means a more challenging market. The activity level is expected to be slightly higher than in 2020. Earnings are expected to be realised at the same level as in recent years.

Statutory report on corporate social responsibility

Business model

The Company's primary activity is to provide total solutions in steel, stainless steel and aluminum. The Company provides complete innovative solutions to the global market. The Company has modern machinery and a staff with high expertise in various factories.

Environment

The Company gives high priority to the environment and wants to be an environmentally friendly business partner, which is natural in the industry where the Company operates. The Company's strategy is to work continuously with the entire value chain. We believe that our most significant environmental risks relate to our energy consumption, as we as a production company have a high energy and material consumption, which we try to reduce by cutting consumption through the following initiatives:

- Material and increased recycling
- CO2 reduction
- Energy optimisation
- Waste optimisation
- Substitution of chemicals to avoid negative impact on the environment.

The Company was in 2020 certified to ISO 14001/45001 (environment and occupational health and safety management systems). The Company puts the environment and climate high on the agenda, continuously trying to reduce energy consumption, and in recent years, production has run entirely on green energy produced by wind turbines. LED lighting has been installed, and in 2020 air-to-air heat pumps to replace gas was installed. Together with external energy consultants a smaller number of energy-optimized investments was also implemented. The Company has a strategic objective of meeting several of the UN's 17 SDGs including:

- Goal 7; Affordable and clean energy
- Goal 12; Responsible consumption and production
- Goal 13; Climate action

Health, safety, environment

The Company wants to provide good working conditions for its employees, and therefore it is the Company's policy to create a safe and healthy workplace, where the involvement of employees in relation to quality, environment, health and social conditions is a natural way of working. The Company has a flat organisation that promotes a safe and healthy working environment at all levels of the Company. The Company works with competency development of its employees and makes them aware of their important role in meeting customer demand and requirements.

It is the Company's assessment that it has maintained a safe and healthy working environment in 2020. In August 2020, the Company was certified within working environment (ISO 45001), which will contribute to ensuring a healthy, safe and motivating working environment going forward. On an internal basis, the Company measures occupational accidents, near-misses, illness and employee satisfaction, and these target figures support the above.

The most important risks relate to occupational accidents, which the Company tries to reduce by training the employees in health and safety.

Employees' motivation and mental working environment may be subject to a significant risk, but through competency development and employee involvement, the Company tries to create a motivating working environment. Moreover, the Company is working with external business partners to ensure an optimal physical and mental working environment.

Code of Conduct**Introduction**

Respect for and compliance with the law takes a high priority for the Company and complying with the various legal and regulatory frameworks that apply in the jurisdictions where it operates, the Company can protect its integrity and reputation.

Purpose of the Code of Conduct

The Code of Conduct is a collection of rules and policy statements intended to assist employees in their daily decision making. It sets forth guidelines for how to behave in relation to customers, suppliers, the authorities and other stakeholders

The Code of Conduct applies to all entities and employees in the Company, and it is important that every employee understands and complies with the Code of Conduct. To ensure that every employee is familiar with the Code of Conduct, each manager is responsible for seeing that it is known and adhered to within their respective team.

Violation of the Code of Conduct

Failure to comply with the Code of Conduct may expose employees and the Company to reputational damage as well as to legal and regulatory sanctions. Disciplinary proceedings in case of severe compliance misconduct may result in a reprimand, fine or dismissal.

Human rights

The Company adheres to all relevant laws and regulations aimed at the protection and promotion of human rights globally and at work.

The Company sees its employees as its greatest asset. Each employee is valuable and together they form the foundation for the Company's success.

It is important that employees treat everyone with dignity and respect. The Company does not accept discrimination based upon ethnic background, gender, religion, age or sexual orientation. Discriminatory behavior or harassment of any kind is not tolerated.

We train our employees in human rights, respect their right to freedom of association, and recognise the right to be member of a union or other collective bargaining group.

The Company is convinced that in 2020 there has not been any breaches with human rights.

There is risk that our suppliers is not complying to the human rights, which the Company is trying to meet by signing contracts with our suppliers before start up cooperation to make sure that the human rights is respected.

Child labor

The Company supports all efforts to eliminate child labor in the long term. In the meantime, we will ensure that the UN Convention on the Rights of the Child is respected in all activities we take part in.

The Company requires a minimum age of 15 years for employees, and children aged 15-18 can never do strenuous or potentially hazardous work tasks. Moreover, children aged 15-18 must always be supervised and supported with training and frequent dialogues with their superiors. The best interest of the child is always priority.

Anti-corruption, bribery and fraud

The Company condemns corruption in all its forms and does not tolerate it in its business or with its business partners. If employees are involved in bribery or corruption, they may find themselves personally criminally liable and subject to disciplinary action.

The three following principles apply:

- The Company and its employees do not accept or solicit bribes in any form.
- The Company does not make, and will not accept, facilitation payments or kickbacks of any kind.
- The Company's employees do not give or receive gifts above token value apart from gifts given or received in specific situations.

The line between right and wrong can sometimes be difficult to draw because of variations in local culture, customs and habits. If in doubt, employees should refer their concerns to their manager.

The Company does not tolerate any form of fraud, including theft, embezzlement, money laundering or misuse of the company's property.

In 2020 there has not been any kind of corruption in the Company.

In some countries there can be a higher risk for corruption. The Company are signing contracts with their suppliers where they need to make sure that they have not had any problem with corruption. For all main suppliers there will be an onsite audit to make sure that they are fulfilled all requirements that has been provided by the Company.

Gifts and entertainment

From time to time in the normal course of business relations, gifts (including entertainment) are offered, given and received. All employees must exercise great care with respect to gifts to and from customers, suppliers or others with whom they come into professional contact.

Dealing with confidential information

All employees have a legal duty to safeguard confidential information, regardless of whether it is obtained from customers, associates, suppliers or sources within the Company. Confidential information must not be disclosed to third parties without the owner's consent.

Relations with suppliers

The Company wants to help promote social and environmental improvements at our suppliers.

The Company expects that our suppliers comply with national laws and internationally recognized standards and conventions for ethical, environmental and social conditions.

Relations with customers

The aim is to ensure that customers trust the Company and experience value-creating relations. All communications through all channels to all target groups should be open, truthful and unambiguous.

Managing complaints

The Group must deal with complaints from customers or former customers promptly and fairly and in accordance with applicable laws and regulations. The Company has developed procedures to support this process.

Statutory report on the underrepresented gender

The Company wants to give equal conditions for all regardless of religion, ethnic origin or gender. Therefore, gender is taken into account in the selection process when recruiting or appointing, but the primary criteria for hiring will be competencies and personality. An important consideration is that the Company operates in an industry where management at all levels primarily consists of men, which may be a challenge in a recruitment process when selecting the best competences and still favouring the underrepresented gender. As laid down in the Company's strategy, the Company has a goal that no gender should be represented by less than 25% at all management levels.

In the Company's senior management, the gender distribution was 0 women and 4 men. The target figure for 2020 has not been reached since there has been no replacement on the Company's board of directors. The Company's goal is to increase the number of female board members by 1 and will make an effort to reach this goal by the financial year 2023.

At the Company's other management levels, the gender distribution was 1 woman and 4 men. The Company's goal is to increase the number of female management members by 1 and will make an effort to reach this goal by the financial year 2023.

Events after the balance sheet date

See note 1 regarding events after the balance sheet date.

Income statement for 2020

	Notes	2020 DKK	2019 DKK
Revenue	2	540,718,343	424,592,262
Costs of raw materials and consumables		(411,688,760)	(320,597,122)
Other external expenses		(20,330,397)	(18,119,120)
Gross profit/loss		108,699,186	85,876,020
Staff costs	3	(52,808,965)	(41,328,689)
Depreciation, amortisation and impairment losses	4	(5,431,815)	(7,431,424)
Operating profit/loss		50,458,406	37,115,907
Other financial income from group enterprises		259,900	0
Other financial income	5	383	569,499
Other financial expenses	6	(1,957,156)	(1,598,398)
Profit/loss before tax		48,761,533	36,087,008
Tax on profit/loss for the year	7	(10,794,420)	(7,974,604)
Profit/loss for the year	8	37,967,113	28,112,404

Balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Goodwill		0	0
Intangible assets	9	0	0
Land and buildings		6,433,924	7,491,818
Plant and machinery		4,518,547	7,382,188
Other fixtures and fittings, tools and equipment		1,715,577	1,320,527
Leasehold improvements		0	0
Prepayments for property, plant and equipment		875,000	0
Property, plant and equipment	10	13,543,048	16,194,533
Receivables from group enterprises		7,792,202	0
Other receivables		0	28,428,156
Financial assets	11	7,792,202	28,428,156
Fixed assets		21,335,250	44,622,689
Raw materials and consumables		16,358,003	11,208,950
Work in progress		6,606,892	2,915,740
Manufactured goods and goods for resale		31,220,832	20,230,896
Inventories		54,185,727	34,355,586
Trade receivables		206,068,382	178,647,624
Deferred tax	12	2,092,566	1,638,097
Other receivables		235,038	63,364
Receivables		208,395,986	180,349,085
Cash		91,829	1,820,212
Current assets		262,673,542	216,524,883
Assets		284,008,792	261,147,572

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		9,000,000	9,000,000
Reserve for fair value adjustments of hedging instruments		(4,082)	0
Retained earnings		93,324,563	80,357,450
Proposed dividend		25,000,000	10,000,000
Equity		127,320,481	99,357,450
Other provisions	13	2,500,000	500,000
Provisions		2,500,000	500,000
Mortgage debt		2,733,551	3,066,114
Bank loans		3,960,000	4,440,000
Lease liabilities		4,532,506	7,364,244
Other payables	14	1,059,862	317,345
Non-current liabilities other than provisions	15	12,285,919	15,187,703
Current portion of non-current liabilities other than provisions	15	3,623,578	4,035,352
Bank loans		41,574,239	35,747,970
Trade payables		74,193,717	84,889,694
Payables to group enterprises		6,242,688	0
Tax payable		3,608,799	6,332,901
Other payables		12,659,371	15,096,502
Current liabilities other than provisions		141,902,392	146,102,419
Liabilities other than provisions		154,188,311	161,290,122
Equity and liabilities		284,008,792	261,147,572
Events after the balance sheet date	1		
Financial instruments	17		
Fair value information	18		
Unrecognised rental and lease commitments	19		
Assets charged and collateral	20		
Related parties with controlling interest	21		
Non-arm's length related party transactions	22		

Statement of changes in equity for 2020

	Contributed capital DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	9,000,000	0	80,357,450	10,000,000	99,357,450
Ordinary dividend paid	0	0	0	(10,000,000)	(10,000,000)
Fair value adjustments of hedging instruments	0	(5,233)	0	0	(5,233)
Tax of entries on equity	0	1,151	0	0	1,151
Profit/loss for the year	0	0	12,967,113	25,000,000	37,967,113
Equity end of year	9,000,000	(4,082)	93,324,563	25,000,000	127,320,481

Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		50,458,406	37,115,907
Amortisation, depreciation and impairment losses		5,431,831	7,431,424
Other provisions		2,000,000	0
Working capital changes	16	(54,318,243)	(2,165,674)
Cash flow from ordinary operating activities		3,571,994	42,381,657
Financial income received		260,283	569,478
Financial expenses paid		(1,649,713)	(1,781,701)
Taxes refunded/(paid)		(13,971,840)	(7,737,550)
Cash flows from operating activities		(11,789,276)	33,431,884
Acquisition etc of property, plant and equipment		(2,780,330)	(426,176)
Repayments received		20,307,789	4,111,176
Cash flows from investing activities		17,527,459	3,685,000
Free cash flows generated from operations and investments before financing		5,738,183	37,116,884
Loans raised		5,009,499	0
Repayments of loans etc		0	(27,274,854)
Reduction of lease commitments		(3,218,582)	(3,729,303)
Dividend paid		(10,000,000)	(5,000,000)
Provision of holiday fund obligation		742,517	317,345
Cash flows from financing activities		(7,466,566)	(35,686,812)
Increase/decrease in cash and cash equivalents		(1,728,383)	1,430,072
Cash and cash equivalents beginning of year		1,820,212	390,140
Cash and cash equivalents end of year		91,829	1,820,212
Cash and cash equivalents at year-end are composed of:			
Cash		91,829	1,820,212
Cash and cash equivalents end of year		91,829	1,820,212

Notes

1 Events after the balance sheet date

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

2 Revenue

	2020 DKK	2019 DKK
Denmark	482,499,633	413,158,403
EU	16,564,826	9,131,314
Other countries	41,653,884	2,302,545
Total revenue by geographical market	540,718,343	424,592,262

3 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	46,889,170	36,829,878
Pension costs	5,430,913	3,943,499
Other social security costs	488,882	555,312
	52,808,965	41,328,689

Average number of full-time employees	65	57
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	Remuneration of management 2020 DKK	Remuneration of management 2019 DKK
Total amount for management categories	1,966,415	2,115,987
	1,966,415	2,115,987

The remuneration of management is shown accumulated referring to §98B of The Danish Financial Statments Act.

4 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Depreciation of property, plant and equipment	5,431,815	7,431,424
	5,431,815	7,431,424

5 Other financial income

	2020	2019
	DKK	DKK
Other financial income	383	569,499
	383	569,499

6 Other financial expenses

	2020	2019
	DKK	DKK
Other interest expenses	1,210,129	1,242,499
Exchange rate adjustments	621,566	195,401
Other financial expenses	125,461	160,498
	1,957,156	1,598,398

7 Tax on profit/loss for the year

	2020	2019
	DKK	DKK
Current tax	11,248,889	8,452,262
Change in deferred tax	(454,469)	(477,658)
	10,794,420	7,974,604

8 Proposed distribution of profit and loss

	2020	2019
	DKK	DKK
Ordinary dividend for the financial year	25,000,000	10,000,000
Retained earnings	12,967,113	18,112,404
	37,967,113	28,112,404

9 Intangible assets

	Goodwill DKK
Cost beginning of year	3,000,000
Cost end of year	3,000,000
Amortisation and impairment losses beginning of year	(3,000,000)
Amortisation and impairment losses end of year	(3,000,000)
Carrying amount end of year	0

10 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Prepayments for property, plant and equipment DKK
Cost beginning of year	22,239,201	40,032,554	12,754,736	405,319	0
Additions	869,339	0	1,125,991	0	875,000
Disposals	0	(90,000)	0	0	0
Cost end of year	23,108,540	39,942,554	13,880,727	405,319	875,000
Depreciation and impairment losses beginning of year	(14,747,383)	(32,650,366)	(11,434,209)	(405,319)	0
Depreciation for the year	(1,927,233)	(2,773,641)	(730,941)	0	0
Depreciation and impairment losses end of year	(16,674,616)	(35,424,007)	(12,165,150)	(405,319)	0
Carrying amount end of year	6,433,924	4,518,547	1,715,577	0	875,000
Recognised assets not owned by entity	0	4,518,547	0	0	0

11 Financial assets

	Receivables from group enterprises DKK	Other receivables DKK
Cost beginning of year	0	28,428,156
Exchange rate adjustments	(328,166)	0
Transfers	28,428,156	(28,428,156)
Disposals	(20,307,788)	0
Cost end of year	7,792,202	0
Carrying amount end of year	7,792,202	0

12 Deferred tax

	2020	2019
	DKK	DKK
Property, plant and equipment	976,476	796,156
Inventories	(153,473)	(92,087)
Provisions	550,000	110,000
Liabilities other than provisions	719,563	824,028
Deferred tax	2,092,566	1,638,097

	2020	2019
	DKK	DKK
Changes during the year		
Beginning of year	1,638,097	1,160,439
Recognised in the income statement	454,469	477,658
End of year	2,092,566	1,638,097

The company expect to make use of the deferred tax asset in future tax profits.

13 Other provisions

Other provisions consist of provisions for warranty.

14 Other payables

	2020	2019
	DKK	DKK
Holiday pay obligation	1,059,862	317,345
	1,059,862	317,345

15 Non-current liabilities other than provisions

	Due within 12	Due within 12	Due after	Outstanding
	months	months	more than 12	after 5 years
	2020	2019	months	after 5 years
	DKK	DKK	2020	2020
	DKK	DKK	DKK	DKK
Mortgage debt	334,184	336,770	2,733,551	1,401,572
Bank loans	480,000	480,000	3,960,000	2,040,000
Lease liabilities	2,809,394	3,218,582	4,532,506	0
Other payables	0	0	1,059,862	0
	3,623,578	4,035,352	12,285,919	3,441,572

16 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in inventories	(19,830,141)	(7,127,178)
Increase/decrease in receivables	(27,050,395)	(6,896,912)
Increase/decrease in trade payables etc	(7,437,707)	11,858,416
	(54,318,243)	(2,165,674)

17 Financial instruments

Other payables includes the fair value of hedging instruments of TDKK 237 . The hedging instruments has been entered to secure a fixed interest rate on the company's variable-rate bank loans. The hedging instruments has a principal of DKK 6,2 million and secures a fixed interest rate of 1,15% for the remaining term of 9 years. The hedging instruments and bank debt are entered into with the same counterparty.

18 Fair value information

	Fair value adjustments of hedging instruments DKK
Fair value end of year	236,839
Fair value adjustments recognised directly in the fair value reserve under equity	5,233

19 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Liabilities under rental or lease agreements until maturity in total	16,941,337	18,867,535
Liabilities under rental agreements or leases with group enterprises until expiry	13,716,000	0

20 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on properties of DKK 8,750k. The mortgage deed registered to the mortgagor of DKK 8,750k is provided as security for all bank commitments in BSB Ejendomme ApS.

The carrying amount of mortgaged properties is DKK 6,434k.

Certain items of plant and machinery, and other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 4,518 k.

Payables to credit institutions are secured on a floating charge of DKK 42,000k on the Company's assets. of which a floating charge of DKK 40,000k is provided as security for bank commitments in BSB Poland Sp. Z.o.o.

and a floating charge of DKK 2,000k as security for bank commitments in BSB Ejendomme ApS.

The Company has guaranteed the bank commitments of BSB Ejendomme ApS.

21 Related parties with controlling interest

BSB Group A/S CVR nr. 41966262, Industrivej 7, 6640 Lunderskov owns all shares in the Entity, thus exercising control.

There are no other parties with controlling interest

22 Non-arm's length related party transactions

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

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

Changes in accounting policies

In accordance with an interpretation from the Danish Business Authority, deductions from the company's overdraft facility are classified in cash flow statements as cash flows from financing activities, where the deduction on the overdraft facility was previously classified as cash and cash equivalents in the cash flow statement. The change entails an effect on cash flows from financing activities of DKK 5.826 in 2020 (-23.260 DKK for 2019) and a change in cash and cash equivalents of DKK -5.826 as per 31.12.2020 (23.260 DKK per 31.12.2019).

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistent with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Costs of raw materials and consumables

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

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other financial income from group enterprises

Other financial income from group enterprises comprises interest income etc on receivables from group enterprises.

Other financial income

Other financial income comprises including interest income on receivables from group enterprises, transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets subject to financial lease, cost represents the lowest value of either the fair value of the asset or the present value of future lease payments.

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

Buildings	10-33 years
Plant and machinery	5-8 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Receivables

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

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

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

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a

financial expense over the term of the leases.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Income tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.