MØLLER & MADSEN
REGISTRERET REVISIONSAKTIESELSKAB

ANNUAL REPORT
1. January - 31. December 2020
(19. accounting year)

Approved at the annual General Meeting of the Company on 29/6 2021

Lars Kierchner
Chairman of the meeting

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COMPANY INFORMATION

The Company	Kiesel Scandinavia A/S Platinvej 22 6000 Kolding	
	E-mail:	henrik@kiesel.dk
	CVR-no.:	26 44 03 94
Board of directors	Toni Kiesel, chairman Henrik Hansen Maik Spindler	
Executive board	Henrik Hansen	
Bank	Sydbank A/S Tinggade 8 4100 Ringsted	
Auditors	Møller & Madsen Registreret Revisionsaktieselskab Tjørne Allé 2 4200 Slagelse	

MANAGEMENT'S STATEMENT

Today the Board of Directors and the Executive Board have discussed and approved the Annual Report of Kiesel Scandinavia A/S for the period 1. January - 31. December 2020.

The Annual Report has been prepared in conformity with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, equity, liabilities and financial position at 31. December 2020 and of its financial performance for the period 1. January - 31. December 2020.

In our opinion the Management commentary includes a fair review of the matters described.

We recommend that the Annual Report be approved by the Annual General Meeting.

Kolding, 8. april 2021

Executive board

Henrik Hansen

Board of directors

Toni Kiesel chairman	Maik Spindler	Henrik Hansen

INDEPENDENT AUDITOR'S REPORT

To the shareholders in Kiesel Scandinavia A/S

Auditor's report on the financial statements

Conclusion

We have audited the Financial Statements of Kiesel Scandinavia A/S for the period 1. January - 31. December 2020, which comprise income statement, balance sheet and notes, including a summary of significant accounting policies. The Financial Statements are prepared under the Danish Financial Statements Act.

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

Basis for conclusion

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 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 and fair presentation of financial statements in conformity with the Danish Financial Statements Act. Management is also responsible for the internal control that it deems necessary for 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 responsible for auditing 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.

INDEPENDENT AUDITOR'S REPORT

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

• Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

• Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company’s internal control.

• 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 company 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.

INDEPENDENT AUDITOR'S REPORT

Statement on the Management's review
Management is responsible for the Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 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 Financial Statements Act. We did not identify any material misstatements in the Management's review.

Slagelse, den 8. april 2021

MØLLER & MADSEN
REGISTRERET REVISIONSAKTIESELSKAB
CVR-nr. 30 83 56 54

Jacob Nissen Kronow
registreret revisor
mne35448

MANAGEMENT COMMENTARY

Main activities of the Company

As in previous years, the main activities of the Company were sales and repairs of machines and spare parts etc.

Development in the activities and the financial situation of the Company

The Company has continued its operations. No significant one-off events occurred in the financial year that need to be included in the management commentary.

The performance and results for the year are considered satisfactory.

Material events after the reporting date

The rapid spread of the Corona virus in Denmark and the rest of the world since March 2020 has necessitated a number of restrictions from the Danish authorities, which could potentially have large socio-economic consequences. The company is currently not directly affected by the restrictions implemented.

If the outbreak of the Corona virus becomes long term and the authorities take further action to curb the spread of infection, the socio-economic consequences could become significant. In such a scenario, the company may also be adversely affected. However, the authorities have already planned several financial support measures and should be expected to implement further support measures in the event of a prolonged outbreak that will mitigate the consequences of the restrictions.

Naturally, it is not possible to make a quantitative estimate of the financial consequences of the outbreak of Corona virus for the company at this time.

No other events have occurred after the reporting date that may materially affect the financial position of the company.

INCOME STATEMENT
1. JANUAR - 31. DECEMBER 2020

Note		2020	2019
	Gross profit	**8.211.281**	**9.730.798**
1	Staff costs	-6.036.631	-7.785.073
	Amortisation and impairment of property, plant and equipment	-1.043.192	-901.052
	Profit before net financials	**1.131.458**	**1.044.673**
	Financial income	114.778	95.207
	Financial expenses	-455.971	-430.799
	Profit before tax	**790.265**	**709.081**
2	Tax on net profit for the year	-190.874	-216.348
	PROFIT OR LOSS FOR THE YEAR	**599.391**	**492.733**
	Retained earnings	599.391	492.733
	SETTLEMENT OF DISTRIBUTION TOTAL	**599.391**	**492.733**

BALANCE SHEET AT 31. DECEMBER 2020
ASSETS

Note		2020	2019
3	Land and buildings	2.532.111	2.650.215
3	Other plant, fixtures and operating equipment	2.402.845	2.408.854
3	Leasehold improvements	0	4.088
	Property, plant and equipment	**4.934.956**	**5.063.157**
	Other investments	1.122.313	410.058
	Investments	**1.122.313**	**410.058**
	FIXED ASSETS	**6.057.269**	**5.473.215**
	Finished goods and goods for resale	8.858.783	14.955.445
	Inventories	**8.858.783**	**14.955.445**
	Trade receivables	2.289.538	4.261.979
	Receivables from group enterprises	0	111.911
	Leasing receivables	331.194	747.453
	Other receivables	0	61.313
	Accruals	389.371	135.406
	Receivables	**3.010.103**	**5.318.062**
	Cash	**42.631**	**52.223**
	CURRENT ASSETS	**11.911.517**	**20.325.730**
	ASSETS	**17.968.786**	**25.798.945**

BALANCE SHEET AT 31. DECEMBER 2020
EQUITY AND LIABILITIES

Note		2020	2019
	Contributed capital	500.000	500.000
	Retained earnings	8.858.249	8.258.858
	EQUITY	**9.358.249**	**8.758.858**
	Provision for deferred tax	92.000	82.983
	Other provisions	200.000	200.000
	PROVISIONS	**292.000**	**282.983**
	Subordinated loan capital	372.500	372.500
	Trade creditors	1.401.799	940.895
	Other accounts payable	400.413	138.298
4	**Long-term payables**	**2.174.712**	**1.451.693**
	Current portion of long-term liabilities	1.007.698	1.020.370
	Credit institutions	2.125.019	10.244.212
	Trade creditors	757.399	1.352.048
	Corporate income tax	87.857	149.842
	Other accounts payable	2.165.852	2.538.939
	Short-term payables	**6.143.825**	**15.305.411**
	PAYABLES	**8.318.537**	**16.757.104**
	EQUITY AND LIABILITIES	**17.968.786**	**25.798.945**

5 Contractual obligations and contingent items, etc.
6 Charges and securities

STATEMENT OF CHANGES IN EQUITY

	2020	2019
Contributed capital opening	500.000	500.000
Contributed capital closing balance	**500.000**	**500.000**
Retained earnings at beginning of period	8.258.858	7.766.125
Profit for the year	599.391	492.733
Retained earnings closing balance	**8.858.249**	**8.258.858**
EQUITY	**9.358.249**	**8.758.858**

Notes to the financial statements

	2020	2019
1 Staff costs		
Number of people employed	9	13
Wages and salaries	6.036.631	7.785.073
	6.036.631	**7.785.073**

	2020	2019
2 Tax on net profit for the year		
Calculated tax on net profit for the year	181.857	149.842
Adjustment of deferred tax	9.017	23.508
Adjustment of prior year tax	0	42.998
	190.874	**216.348**

3 Property, plant and equipment	**Land and buildings**	**Other plant, fixtures and operating equipment**	**Leasehold improvements**
Cost at beginning of period	3.074.947	4.049.098	139.686
Additions during the year	0	1.115.978	0
Disposals during the year	0	-791.287	0
Cost at the end of period	3.074.947	4.373.789	139.686
Amortisation, depreciation and impairment losses at beginning of period	-424.732	-1.640.244	-135.598
Depreciation and impairment losses arising on assets disposed of	0	397.104	0
Amortisation, depreciation and impairment losses for the year	-118.104	-727.804	-4.088
Depreciation end of period	-542.836	-1.970.944	-139.686
	2.532.111	**2.402.845**	**0**
Leasing assets consists of	**0**	**1.174.415**	**0**

	Total liabilities at beginning of period	Total liabilities at end of period	Outstanding balance after 5 years
4 Long-term payables			
Subordinated loan capital	372.500	372.500	0
Trade creditors	940.895	1.401.799	0
Other accounts payable	138.298	400.413	0
	1.451.693	**2.174.712**	**0**

5 Contractual obligations and contingent items, etc.

Rent and lease liabilities include a rent obligation regarding a rent agreement with remaining contract terms of a least 6 months. Furthermore, the Company has liabilities under operating leases for IT equipment, totalling approximately DKK 200 thousand.

6 Charges and securities

As security for bank debt of DKK 2.125 thousand, the Company has provided a company charge of DKK 15.000 thousand comprising intellectual property rights, trade receivables, inventories, other plant, fixtures and fittings, tools and equipment and an owner's mortgage of DKK 1.800 thousand i property.

As security for lease liability of DKK 950 thousand, the Company has provided security in equipment with a book value of DKK 1.174 thousand.

As security for lease liability on machines of DKK 1.454 thousand, the Company has provided security in leasing receivables with a book value of DKK 1.459 thousand.

ACCOUNTING POLICIES

GENERAL INFORMATION

The financial statements of Kiesel Scandinavia A/S for the financial year 2020 have been prepared in conformity with the provisions of the Danish Financial Statements Act on class B enterprises combined with a few rules on class C enterprises.

The accounting policies applied in the financial statements are consistent with those of the previous year. The reporting currency is Danish kroner.

Recognition and measurement in general

Income is recognised in the income statement when earned. Value adjustments of financial assets and liabilities measured at fair value or amortised cost are also recognised in the income statement. Costs incurred to generate the earnings for the year are also recognised in the income statement, including amortisation, depreciation, impairment losses and provisions as well as reversals resulting from changed accounting estimates of amounts previously recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future financial benefits will flow to the Company and it is possible to obtain a reliable measurement of the individual assets.

Liabilities are recognised in the balance sheet when it is probable that future financial benefits will flow from the Company and it is possible to obtain a reliable measurement of the individual liabilities.

On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item.

Anticipated losses and risks arising before the presentation of the financial statements and confirming or disconfirming facts and circumstances known at the reporting date are taken into consideration at recognition and measurement.

Foreign currency translation

Foreign currency transactions are translated at the exchange rates ruling at the transaction dates. Gains and losses arising from movements between the exchange rates at the date of the individual transaction and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, accounts payable and other monetary items denominated in a foreign currency, but not settled at the reporting date, are translated at the exchange rates ruling at the reporting date.Exchange rate differences between the exchange rates at the reporting date and the date of the individual transaction are recognised in the income statement as financial income or financial expenses.

Income statement

Certain income and expenses have been aggregated in the item designated 'Gross profit' with reference to section 32 of the Financial Statements Act.

ACCOUNTING POLICIES

Revenue
The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of goods for resale and finished goods, comprising sale of new and used machines, spareparts and service is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms 2010.

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

Where finance leases are entered into regarding assets, a sale and a receivable are recognized corresponding to the present value of cash flows from the lease plus the estimated, unguaranteed residual value of the asset at the end of the lease term. The present value is calculated based on the interest implicit in the lease agreement. Lease payments received are recognised partly as instalments on the lease receivable and partly as financial income

Other operating income
Other operating income includes items relating to activities secondary to the main activity of the enterprise.

Cost of sales
Cost of raw materials and consumables includes the cost of goods purchased less discounts and changes in inventories for the year.

Other external expenses
Other external expenses include costs for sales, advertising, administration, premises, bad debts, rental expenses under operating leases, etc.

Staff costs
Staff costs include wages, salaries and other pay-related costs, such as sickness benefits for enterprise employees less wage/salary reimbursement from the Government.

Financial income and expenses
Financial income and expenses are recognised in the income statement based on the amounts which relate to the financial year. Financial income and expenses include interest revenue and expenses, finance charges in respect of finance leases, realised and unrealised capital gains and losses on securities, accounts payable and transactions in foreign currencies, repayment on mortgage loans, and surcharges and allowances under the tax prepayment scheme. Dividends from other equity investments are recognised as income in the financial year in which the dividends are declared.

Tax on net profit for the year
Tax for the year comprises current tax and changes in deferred tax. The share attributable to the profit or loss for the year is recognised in the income statement, and the share attributable directly to equity is recognised directly in equity.

Any change in deferred tax as a result of changes in the tax rate, the share attributable to the profit is recognised in the income statement, and the share attributable directly to equity is recognised directly in equity.

Balance sheet

Property, plant and equipment
Property, plant and equipment is measured at cost on initial recognition and subsequently at cost less accumulated depreciation and impairment losses.

The depreciation basis is calculated taking into account the asset's residual value after the end of the useful life and is reduced by any write-downs. The depreciation period and the residual value are determined at the time of acquisition. If the residual value exceeds the asset's carrying amount, depreciation ceases. Land is not depreciated.

In the event of a change in the depreciation period or the residual value, the effect on future depreciation is recognized as a change in accounting estimates.

The cost price includes the acquisition price as well as costs directly associated with the acquisition until the time when the asset is ready to be taken into use.

The cost price of a total asset is divided into separate components, which are depreciated separately if the useful life of the individual components is different.

Linear depreciation is made based on the following assessment of the assets' expected useful lives and residual values:

	User time
Properties	10-20 years
Plant and machinery	3-5 years
Leasehold improvements	5 years

Gains or losses arising from the disposal of property, plant and equipment are determined as the difference between the selling price less selling costs and the carrying amounts at the time of sale. Gains or losses are recognised in the income statement as other operating income or other operating expense.

Impairment losses relating to non-current assets
The carrying amounts of intangible assets and property plant and equipment are tested annually to determine whether there is any indication of impairment other than what is expressed by amortisation and depreciation. If so, the assets are tested for impairment to determine whether the recoverable amounts are lower than the carrying amounts and the relevant assets are written down to such lower recoverable amounts. An impairment test is carried out annually of ongoing development projects, whether or not there is any indication of impairment.

The recoverable amount of an asset is determined as the higher of the net sales price and the value in use. Where the recoverable amount of the individual assets cannot be determined, the assets are grouped together into the smallest group of assets that can be estimated to determine an aggregate reliable recoverable amount for those units.

Leases
The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

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

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

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Inventories
Inventories are measured at cost according to the FIFO method. Where the net realisable value is lower than cost, the inventories are written down to this lower value.

The cost of goods for resale, raw materials and consumables is the landed cost.

The net realisable value of inventories is calculated as the selling price less costs of completion and costs incurred to perform sales. The value is determined taking into consideration marketability, obsolescence and development in expected selling price.

ACCOUNTING POLICIES

Receivables
The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

Receivables are measured at amortised cost, which normally corresponds to the nominal value. The value is reduced by an allowance for expected impairment losses.

Impairment of accounts receivable past due is established on individual assessment of receivables.

Prepayments
Prepayments recognised under assets include costs already defrayed but relating to the subsequent financial year.

Provisions
Provisions include expected costs of warranty commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the Company has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Provisions are measured at value in use.

Corporate income tax and deferred tax
Current tax liabilities and current tax receivable are recognised in the balance sheet as calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

Deferred tax is measured using the balance-sheet liability method on temporary differences arising between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases. In cases where the tax base can be determined under alternative taxation rules, such as in relation to shares, deferred tax is measured on the basis of the intended use of the asset or settlement of the liability.

Deferred tax assets, including the tax base of tax losses allowed for carryforward, are measured at their anticipated net realisable value, either by elimination in tax on future earnings or by offsetting against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at their net realisable values.

Payables
Mortgage debt is accordingly measured at amortised cost, corresponding to the outstanding balance in case of cash loans. In case of bond loans, amortised cost corresponds to the outstanding balance determined as the underlying cash value of the loans at the time of borrowing adjusted for amortisation of capital losses on the loans over the repayment period.

Other payables, comprising trade payables and amounts owed to Group enterprises and associates and other accounts payable, are measured at amortised cost, which normally corresponds to the nominal value.

Cash and cash equivalents

Cash and cash equivalents comprise the items of 'Cash' recognised under current assets and 'Bank overdrafts' recognised under short-term debt.

Subordinate loan capital

Liabilities where the creditors have stated they are willing to subordinate their claim to rank after all the entity's other creditors are presented as subordinate loan capital. Subordinate loan capital is recognised using the same method as applies to liabilities.