



## Nutrimin A/S

Bodalen 11  
8643 Ans By  
CVR No. 28513518

## Annual report 2020

The Annual General Meeting adopted the  
annual report on 21.04.2021

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**Jesper Ørskov Nielsen**  
Chairman of the General Meeting

# Contents

Entity details	2
Statement by Management	3
Independent auditor's report	4
Management commentary	7
Income statement for 2020	10
Balance sheet at 31.12.2020	11
Statement of changes in equity for 2020	13
Cash flow statement for 2020	14
Notes	15
Accounting policies	20

# Entity details

## Entity

Nutrimin A/S

Bodalen 11

8643 Ans By

CVR No.: 28513518

Date of foundation: 22.03.2005

Registered office: Silkeborg

Financial year: 01.01.2020 - 31.12.2020

## Board of Directors

Per Lyngaa, chairman

Torben Nielsen

Morten Balle

Lars Bjerre Staunsbæk

Jesper Ørskov Nielsen

## Executive Board

Torben Jensen

## Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

City Tower, Værkmestergade 2

8000 Aarhus C

# Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Nutrimin 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.

Ans by, 21.04.2021

## Executive Board

**Torben Jensen**

## Board of Directors

**Per Lyngaa**  
chairman

**Torben Nielsen**

**Morten Balle**

**Lars Bjerre Staunsbæk**

**Jesper Ørskov Nielsen**

# Independent auditor's report

## To the shareholders of Nutrimin A/S

### Opinion

We have audited the financial statements of Nutrimin 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 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.

Aarhus, 21.04.2021

**Deloitte**

Statsautoriseret Revisionspartnerselskab  
CVR No. 33963556

**Michael Bach**

State Authorised Public Accountant  
Identification No (MNE) mne19691

# Management commentary

## Financial highlights

	2020	2019	2018	2017	2016
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
<b>Key figures</b>					
Gross profit/loss	46,012	36,639	27,141	29,133	28,407
Operating profit/loss	18,294	11,735	6,025	10,067	11,169
Net financials	(400)	1,040	146	(794)	(1,191)
Profit/loss for the year	13,920	10,131	4,990	7,225	7,819
Total assets	96,817	93,113	81,700	77,992	77,845
Investments in property, plant and equipment	552	7,222	2,370	72	1,216
Equity	43,391	36,039	28,255	23,749	24,493
<b>Ratios</b>					
Return on equity (%)	35.05	31.51	19.19	29.95	37.73
Equity ratio (%)	44.82	38.70	34.58	30.45	31.46

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

### Return on equity (%):

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

### Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$



### Primary activities

The Company's activities consist of production and direct sale of mineral mixtures and piglet feed on the Danish market as well as production and sale of vitamin mixtures and premixtures to the Danish market as well as the export market.

### Development in activities and finances

In 2020, Nutrimin A/S realized its highest turnover to date of DKK 443,378k, which is 13% higher than in 2019. This is due to a generally increased influx of customers, primarily in the Danish market. Nutrimin A/S' operating profit (EBITDA) also reached a very satisfactory level of DKK 22,133k.

The result before after tax is realized with DKK 13,920k., which is satisfactory.

2020 has been a challenging year as supply security and major delays occurred in the beginning of COVID-19. Employees have fought bravely to make ends meet and we have managed to maintain deliveries to our customers, even when it was most difficult out.

### Outlook

In 2021, Nutrimin A/S expects continued growth, and we have a good starting point in a continued highly competitive market at the beginning of 2021. There is still a focus on increasing activity levels and a profit before tax of approx. DKK 14.000k is expected in 2021. These expectations have not been incorporated for continued follow-up from COVID-19.

Reference is also made to the management report's section on events after the balance sheet date.

### Particular risks

Risk management is a large focus area for Nutrimin A/S. These risks relate primarily to volatile market prices, as well as financial risks within currency and interests. Effective risk management secures, that Nutrimin evaluates and access the risks they are taking on.. The Company's raw material and price risks are minimised, whenever possible, by entering into purchase contracts that minimise open positions on raw materials.

By far the largest part of revenue and purchase is conducted in DKK. The rest is in EUR. If transactions are conducted in other foreign currencies, currency risks are eliminated by entering into forward contracts. Therefore, the Company's currency risks are considered very minimal.

To ensure quality control at Nutrimin A/S, a certification according to the standards GMP+ and VLOG is implemented. The quality control system describes all steps in the process from approval of suppliers and purchase of raw materials to production and delivery of the finished goods to the customer.

The Company is vulnerable to the market conditions of the primary agriculture. To eliminate this risk, debtors are credit insured to the widest possible extent.

### Raw materials

2020 has been a turbulent year, it started with oversupplies in the market on many feed additives, due to African swine fever in China and hence low prices. Then COVID-19 hit China, which meant that many manufacturers had great difficulty in fulfilling the supply agreements. Replacement purchases could not be avoided to secure production.

Nutrimin A/S only uses stable and well-known GMP + or FAMI-QS-approved manufacturers to ensure customers

high-quality products.

### **Intellectual capital resources**

A Nutrimin guide has been prepared to ensure the following:

- An equal partnership
- The ability to acquire and communicate knowledge as well as a good deal of business practice
- Only bearing this in mind, we can ensure our customers the optimal feed mix.

### **Environmental performance**

Nutrimin A/S has no policy for corporate social responsibility, but we pay much attention to environmental impacts from our factory. Nutrimin A/S meets the requirements of workplace evaluation, appraisals and working environment organisation, the overall task of which is to create the basis for a good, sound and safe working environment at Nutrimin.

Nutrimin A/S applies HACCP - Own check and Risk analysis, which means that all steps in the individual processes are assessed. HACCP provides an overview of the risks and errors that are typical in the manufacturing process. Therefore, HACCP contributes to increasing the level of protection of human and animal health.

To ensure as low environmental impact as possible when delivering goods to Danish customers, Nutrimin A/S uses lorries that are approved according to class Euro 6.

### **Events after the balance sheet date**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report. The outbreak and spread of COVID-19 at the beginning of 2020 has not been and is not expected to be significant impact on the company's financial position and development. This is because the company's business area with the production and sale of vitamin and mineral mixtures and pig feed for the Danish market and the export market has proceeded according to plan in the first period of the outbreak and spread of COVID-19. This is because the company business area as a subcontractor to the food industry, which will continue to play an important social role.

# Income statement for 2020

	Notes	2020 DKK	2019 DKK
<b>Gross profit/loss</b>		<b>46,012,404</b>	<b>36,638,706</b>
Staff costs	1	(23,869,418)	(21,851,127)
Depreciation, amortisation and impairment losses	2	(3,849,028)	(3,053,054)
<b>Operating profit/loss</b>		<b>18,293,958</b>	<b>11,734,525</b>
Other financial income	3	79,821	1,564,350
Impairment losses on financial assets		(74,550)	0
Other financial expenses		(405,675)	(524,751)
<b>Profit/loss before tax</b>		<b>17,893,554</b>	<b>12,774,124</b>
Tax on profit/loss for the year	4	(3,973,559)	(2,643,176)
<b>Profit/loss for the year</b>	5	<b>13,919,995</b>	<b>10,130,948</b>

# Balance sheet at 31.12.2020

## Assets

	Notes	2020 DKK	2019 DKK
Completed development projects		0	0
Goodwill		16,917	57,517
<b>Intangible assets</b>	6	<b>16,917</b>	<b>57,517</b>
Plant and machinery		12,201,728	15,445,793
Other fixtures and fittings, tools and equipment		0	12,418
<b>Property, plant and equipment</b>	7	<b>12,201,728</b>	<b>15,458,211</b>
Other investments		25,000	99,550
<b>Financial assets</b>	8	<b>25,000</b>	<b>99,550</b>
<b>Fixed assets</b>		<b>12,243,645</b>	<b>15,615,278</b>
Raw materials and consumables		43,643,474	37,441,587
Prepayments for goods		435,102	1,959,372
<b>Inventories</b>		<b>44,078,576</b>	<b>39,400,959</b>
Trade receivables		32,100,413	35,622,635
Receivables from group enterprises		6,845,978	2,266,112
Other receivables		153,438	0
Joint taxation contribution receivable		0	206,904
<b>Receivables</b>		<b>39,099,829</b>	<b>38,095,651</b>
<b>Cash</b>		<b>1,394,853</b>	<b>1,087</b>
<b>Current assets</b>		<b>84,573,258</b>	<b>77,497,697</b>
<b>Assets</b>		<b>96,816,903</b>	<b>93,112,975</b>

**Equity and liabilities**

	<b>Notes</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Contributed capital	9	5,000,000	5,000,000
Retained earnings		38,052,162	30,738,646
Proposed dividend		339,000	300,000
<b>Equity</b>		<b>43,391,162</b>	<b>36,038,646</b>
Deferred tax	10	492,000	714,000
<b>Provisions</b>		<b>492,000</b>	<b>714,000</b>
Lease liabilities		2,762,500	3,400,000
Other payables		1,243,470	470,461
<b>Non-current liabilities other than provisions</b>	11	<b>4,005,970</b>	<b>3,870,461</b>
Current portion of non-current liabilities other than provisions	11	637,500	637,500
Bank loans		3,672,567	14,807,314
Prepayments received from customers		0	110,617
Trade payables		25,467,076	26,579,044
Payables to group enterprises		8,787,580	2,374,386
Joint taxation contribution payable		504,806	0
Other payables	12	9,858,242	7,981,007
<b>Current liabilities other than provisions</b>		<b>48,927,771</b>	<b>52,489,868</b>
<b>Liabilities other than provisions</b>		<b>52,933,741</b>	<b>56,360,329</b>
<b>Equity and liabilities</b>		<b>96,816,903</b>	<b>93,112,975</b>
Unrecognised rental and lease commitments	14		
Contingent liabilities	15		
Assets charged and collateral	16		
Related parties with controlling interest	17		
Non-arm's length related party transactions	18		
Group relations	19		

# 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	5,000,000	0	30,738,646	300,000	36,038,646
Ordinary dividend paid	0	0	0	(300,000)	(300,000)
Extraordinary dividend paid	0	0	(6,300,000)	0	(6,300,000)
Fair value adjustments of hedging instruments	0	41,694	0	0	41,694
Tax of entries on equity	0	(9,173)	0	0	(9,173)
Transfer to reserves	0	(32,521)	32,521	0	0
Profit/loss for the year	0	0	13,580,995	339,000	13,919,995
<b>Equity end of year</b>	<b>5,000,000</b>	<b>0</b>	<b>38,052,162</b>	<b>339,000</b>	<b>43,391,162</b>

# Cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		18,293,958	11,734,525
Amortisation, depreciation and impairment losses		3,489,028	3,053,054
Writedown of current assets		74,550	0
Working capital changes	13	2,401,987	187,423
<b>Cash flow from ordinary operating activities</b>		<b>24,259,523</b>	<b>14,975,002</b>
Financial income received		79,821	1,564,350
Financial expenses paid		(405,675)	(524,751)
Taxes refunded/(paid)		(3,615,711)	(4,677,981)
<b>Cash flows from operating activities</b>		<b>20,317,958</b>	<b>11,336,620</b>
Acquisition etc of property, plant and equipment		(551,945)	(7,221,776)
<b>Cash flows from investing activities</b>		<b>(551,945)</b>	<b>(7,221,776)</b>
<b>Free cash flows generated from operations and investments before financing</b>		<b>19,766,013</b>	<b>4,114,844</b>
Loans raised		0	2,975,000
Repayments of loans etc		(637,500)	(212,500)
Dividend paid		(6,600,000)	(500,000)
Other cash flows from financing activities		(11,134,747)	(7,541,381)
<b>Cash flows from financing activities</b>		<b>(18,372,247)</b>	<b>(5,278,881)</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>1,393,766</b>	<b>(1,164,037)</b>
Cash and cash equivalents beginning of year		1,087	1,165,124
<b>Cash and cash equivalents end of year</b>		<b>1,394,853</b>	<b>1,087</b>
Cash and cash equivalents at year-end are composed of:			
Cash		1,394,853	1,087
<b>Cash and cash equivalents end of year</b>		<b>1,394,853</b>	<b>1,087</b>

# Notes

## 1 Staff costs

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Wages and salaries	21,473,342	19,868,807
Pension costs	1,874,335	1,671,001
Other social security costs	521,741	311,319
	<b>23,869,418</b>	<b>21,851,127</b>
Average number of full-time employees	46	40

	<b>Remuneration of management 2020 DKK</b>	<b>Remuneration of management 2019 DKK</b>
Total amount for management categories	1,170,498	1,063,001
	<b>1,170,498</b>	<b>1,063,001</b>

## 2 Depreciation, amortisation and impairment losses

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Amortisation of intangible assets	40,600	40,600
Depreciation of property, plant and equipment	3,808,428	3,012,454
	<b>3,849,028</b>	<b>3,053,054</b>

## 3 Other financial income

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Financial income from group enterprises	74,811	0
Other interest income	0	306
Exchange rate adjustments	4,010	1,561,517
Other financial income	1,000	2,527
	<b>79,821</b>	<b>1,564,350</b>



#### 4 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	4,182,806	2,949,096
Change in deferred tax	(231,173)	(372,750)
Adjustment concerning previous years	21,926	66,830
	<b>3,973,559</b>	<b>2,643,176</b>

#### 5 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Ordinary dividend for the financial year	339,000	300,000
Retained earnings	13,580,995	9,830,948
	<b>13,919,995</b>	<b>10,130,948</b>

#### 6 Intangible assets

	Completed development projects DKK	Goodwill DKK
Cost beginning of year	1,018,500	203,000
<b>Cost end of year</b>	<b>1,018,500</b>	<b>203,000</b>
Amortisation and impairment losses beginning of year	(1,018,500)	(145,483)
Amortisation for the year	0	(40,600)
<b>Amortisation and impairment losses end of year</b>	<b>(1,018,500)</b>	<b>(186,083)</b>
<b>Carrying amount end of year</b>	<b>0</b>	<b>16,917</b>

#### 7 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	33,266,208	743,677
Additions	551,945	0
<b>Cost end of year</b>	<b>33,818,153</b>	<b>743,677</b>
Depreciation and impairment losses beginning of year	(17,820,415)	(731,259)
Depreciation for the year	(3,796,010)	(12,418)
<b>Depreciation and impairment losses end of year</b>	<b>(21,616,425)</b>	<b>(743,677)</b>
<b>Carrying amount end of year</b>	<b>12,201,728</b>	<b>0</b>
Recognised assets not owned by entity	3,400,000	0

## 8 Financial assets

	<b>Other investments DKK</b>
Cost beginning of year	99,550
<b>Cost end of year</b>	<b>99,550</b>
Impairment losses for the year	(74,550)
<b>Impairment losses end of year</b>	<b>(74,550)</b>
<b>Carrying amount end of year</b>	<b>25,000</b>

## 9 Share capital

	<b>Number</b>	<b>Par value DKK</b>	<b>Nominal value DKK</b>
Ordinary shares	5,000	1000	5,000,000
	<b>5,000</b>		<b>5,000,000</b>

## 10 Deferred tax

	<b>2020 DKK</b>	<b>2019 DKK</b>
Intangible assets	(9,000)	(6,000)
Property, plant and equipment	501,000	720,000
<b>Deferred tax</b>	<b>492,000</b>	<b>714,000</b>

<b>Changes during the year</b>	<b>2020 DKK</b>	<b>2019 DKK</b>
Beginning of year	714,000	1,015,600
Recognised in the income statement	(222,000)	(301,600)
<b>End of year</b>	<b>492,000</b>	<b>714,000</b>

## 11 Non-current liabilities other than provisions

	<b>Due within 12 months 2020 DKK</b>	<b>Due within 12 months 2019 DKK</b>	<b>Due after more than 12 months 2020 DKK</b>	<b>Outstanding after 5 years 2020 DKK</b>
Lease liabilities	637,500	637,500	2,762,500	425,000
Other payables	0	0	1,243,470	1,243,470
	<b>637,500</b>	<b>637,500</b>	<b>4,005,970</b>	<b>1,668,470</b>

## 12 Other payables

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
VAT and duties	5,355,885	4,108,728
Wages and salaries, personal income taxes, social security costs, etc payable	2,309,386	1,138,662
Holiday pay obligation	943,111	1,466,615
Derivative financial instruments	0	41,694
Other costs payable	1,249,860	1,225,308
	<b>9,858,242</b>	<b>7,981,007</b>

## 13 Changes in working capital

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Increase/decrease in inventories	(4,677,617)	(2,218,045)
Increase/decrease in receivables	(1,211,082)	(7,266,248)
Increase/decrease in trade payables etc	8,290,686	9,671,716
	<b>2,401,987</b>	<b>187,423</b>

## 14 Unrecognised rental and lease commitments

	<b>2020</b>	<b>2019</b>
	<b>DKK</b>	<b>DKK</b>
Liabilities under rental or lease agreements until maturity in total	21,238,000	23,673,000
Liabilities under rental agreements or leases with group enterprises until expiry	20,655,000	22,950,000

## 15 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where Nutrimin Holding Aps serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities.

## 16 Assets charged and collateral

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on property in the Group of DKK 8,600k nominal. The carrying amount of mortgaged property amounts to DKK 23,822k.

Bank debt is secured on a floating charge of DKK 27,500k nominal.

Certain items of plant and machinery as well as other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 3,000k.

### Collateral provided for group enterprises

The Entity has guaranteed group enterprises' debt with Spar Nord. Bank loans of group enterprises amount to DKK 6k.

**17 Related parties with controlling interest**

Nutrimin Holding ApS, Bodalen 11, Ans By owns alle shares in the company and thus holds the full control.

**18 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.

**19 Group relations**

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:  
Nutrimin Holding ApS, Bodalen 11, Ans By, Central Business Registration No. 34352925

# Accounting policies

## Reporting class

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

## Changes in accounting policies

In accordance with an interpretation from the Danish Business Authority, withdrawals from the Entity's overdraft facilities are classified in the cash flow statement as cash flows from financing activities, where the deduction on overdraft facilities was previously classified as cash in the cash flow statement.

The change has an effect on cash flows from financing activities of DKK ÷11,135k. in 2020 (DKK ÷7,541k in 2019) and an increase in cash and cash equivalents of DKK 3,673k. as per 31.12.2020 (DKK 14,807k. as 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.

## Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses. Plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

### **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.

### **Income statement**

#### **Gross profit or loss**

Gross profit or loss comprises revenue, cost of raw materials and consumables and external expenses.

#### **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 from the sale of services is recognised in the income statement when delivery is made 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 plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of intangible assets as well as plant and equipment.

#### **Other financial income**

Other financial income comprises dividends and net capital or exchange gains on payables and transactions in foreign currencies etc.

#### **Impairment losses on financial assets**

Impairment losses on financial assets comprise impairment losses on financial assets which are not measured at fair value on a current basis.

#### **Other financial expenses**

Other financial expenses comprise interest expenses and net capital or exchange losses on payables and transactions in foreign currencies 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 one amount of goodwill, it has not been possible to estimate useful life reliably, for which reason such useful life has been set at 10 years. 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.

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

### **Intellectual property rights etc**

Intellectual property rights etc comprise development projects completed.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under Reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries and amortisation that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. If the useful life cannot be estimated reliably, it is fixed at 10 years. For development projects protected by intellectual property rights, the maximum period of amortisation is the remaining duration of the relevant rights. The amortisation periods used are 5 years.

Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

### **Property, plant and equipment**

Plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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 held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Plant and machinery	10-15 years
Other fixtures and fittings, tools and equipment	5-10 years

Estimated useful lives and residual values are reassessed annually.

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

### **Other investments**

Other investments comprise unlisted equity investments which are measured at purchase prices fair value at the balance sheet date and unlisted equity investments measured at cost. Unlisted equity investments are written down to any lower net realisable value.

### **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.

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

### **Receivables**

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

### **Joint taxation contributions receivable or payable**

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax.

### **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.



**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.

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.

**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.

**Prepayments received from customers**

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

**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.