Borgen ingeniør og smedefirma A/S

Fabriksvangen 7
3550 Slangerup

CVR no. 29 54 00 55

Annual report 2019

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

6 April 2020

Birgitta Maria Schiöld
chairman

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Borgen ingeniør og smedefirma A/S for the financial year 1 January – 31 December 2019.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

6 April 2020
Executive Board:

Birgitta Maria Schiöld

Board of Directors:

Carl Anders Persson
Chairman

Christoph Patrick Hoffmann

Ivar Andreas Vatne

Christian Zmölnig

Independent auditor's report

To the shareholders of Borgen ingeniør og smedefirma A/S

Opinion

We have audited the financial statements of Borgen ingeniør og smedefirma A/S for the financial year 1 January – 31 December 2019 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2019 and of the results of the Company's operations for the financial year 1 January – 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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

Management's responsibility for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

— identify and assess the risks of material misstatement of the company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may

Independent auditor's report

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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 6 April 2020
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Morten Høgh-Petersen
State Authorised
Public Accountant
mne34283

Management's review

Company details

Borgen ingeniør og smedefirma A/S
Fabriksvangen 7
3550 Slangerup

CVR no.:	29 54 00 55
Financial year:	1 January – 31 December

Board of Directors

Carl Anders Persson, Chairman
Christoph Patrick Hoffmann
Ivar Andreas Vatne
Christian Zmölnig

Executive Board

Birgitta Maria Schiöld,

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
DK-2100 Copenhagen

Management's review

Operating review

Principal activities

The company's main activities are to conduct trading, manufacturing, investment activities and other related business.

Development in activities and financial position

The Company's income statement for 2019 shows a loss of DKK 1,911,650 as against a loss of DKK 2,092,442 in 2018. Equity in the Company's balance sheet at 31 December 2019 stood at DKK -1,051,609 as against DKK 860,041 at 31 December 2018.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2019	2018
Gross profit		577,777	826,495
Staff costs	2	-2,989,488	-2,570,384
Depreciation, amortisation and impairment losses		-40,878	-232,691
Operating loss		-2,452,589	-1,976,580
Financial income	3	0	9,957
Financial expenses	4	-147,694	-488,377
Loss before tax		-2,600,283	-2,455,000
Tax on loss for the year	5	688,633	362,558
Loss for the year		-1,911,650	-2,092,442

Proposed distribution of loss

Retained earnings		-1,911,650	-2,092,442
		-1,911,650	-2,092,442

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2019	31/12 2018
ASSETS			
Fixed assets			
Property, plant and equipment	6		
Land and buildings		3,040,341	3,047,743
Plant and machinery		9,606	20,766
Fixtures and fittings, tools and equipment		52,146	74,462
		3,102,093	3,142,971
Total fixed assets		3,102,093	3,142,971
Current assets			
Inventories			
Raw materials and consumables		200,000	1,483,195
Receivables			
Trade receivables		236,509	1,099,770
Receivables from group entities		139,005	280,865
Construction contracts		116,111	785,607
Deferred tax asset		0	239,492
Corporation tax		572,062	0
Prepayments		0	118
		1,063,687	2,405,852
Total current assets		1,263,687	3,889,047
TOTAL ASSETS		4,365,780	7,032,018

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2019	31/12 2018
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500,000	500,000
Other reserves		1,733,336	1,733,336
Retained earnings		-3,284,945	-1,373,295
Total equity		-1,051,609	860,041
Liabilities			
Non-current liabilities	7		
Mortgage loans		448,523	557,266
Current liabilities			
Current portion of non-current liabilities		111,200	113,385
Banks, current liabilities		1,610,856	1,551,103
Trade payables		733,838	1,065,189
Payables to group entities		1,973,706	2,551,788
Other payables		539,266	333,246
		4,968,866	5,614,711
Total liabilities		5,417,389	6,171,977
TOTAL EQUITY AND LIABILITIES		4,365,780	7,032,018
Contractual obligations, contingencies, etc.	8		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Other reserves	Retained earnings	Total
Equity at 1 January 2019	500,000	1,733,336	-1,373,295	860,041
Transferred over the distribution of loss	0	0	-1,911,650	-1,911,650
Equity at 31 December 2019	500,000	1,733,336	-3,284,945	-1,051,609

Financial statements 1 January – 31 December

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1 Accounting policies

The annual report of Borgen ingeniør og smedefirma A/S for 2019 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The date of transfer of the most significant benefits and risks is determined using standard Incoterms ® 2010.

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

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

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

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

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

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

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Financial statements 1 January – 31 December

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1 **Accounting policies (continued)**

Other operating income

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

Other external costs

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

Staff costs

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

Financial income and expenses

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

Dividends from equity investments in measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Tax on profit/loss for the year

The Parent Company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Property, plant and equipment

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

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

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

in cost.

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

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

Buildings	20 years
Plant and machinery	5 years
Fixtures and fittings, tools and equipment	5 years

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

Land is not depreciated.

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

Depreciation is recognised in the income statement as production costs, distribution costs and administrative expenses, respectively.

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

Inventories

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

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

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

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

Receivables

Receivables are measured at amortised cost.

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

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

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

Construction contracts

Construction contracts are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

When the selling price of a construction contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments and deferred income

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

Corporation tax and deferred tax

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

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

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Liabilities

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

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

2 Staff costs

DKK	2019	2018
Wages and salaries	2,606,861	2,110,323
Pensions	282,065	259,511
Other social security costs	100,562	88,602
Other staff costs	0	111,948
	2,989,488	2,570,384
Average number of full-time employees	7	7

3 Financial income

DKK	2019	2018
Interest income from group entities	0	7,394
Other financial income	0	2,563
	0	9,957

4 Financial expenses

DKK	2019	2018
Interest expense to group entities	0	94,661
Other financial costs	147,694	393,716
	147,694	488,377

Financial statements 1 January – 31 December

Notes

5 Tax on profit/loss for the year

DKK	2019	2018
Current tax for the year	-572,062	0
Deferred tax for the year	0	-362,558
Adjustment of tax concerning previous years	-116,571	0
	-688,633	-362,558

6 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2019	6,133,180	777,248	949,980	7,860,408
Disposals for the year	-133,949	0	0	-133,949
Cost at 31 December 2019	5,999,231	777,248	949,980	7,726,459
Revaluations at 1 January 2019	2,016,809	0	0	2,016,809
Revaluations at 31 December 2019	2,016,809	0	0	2,016,809
Depreciation and impairment losses at 1 January 2019	-5,102,246	-756,482	-875,518	-6,734,246
Depreciation for the year	-7,402	-11,160	-22,316	-40,878
Reversed depreciation on disposed assets	133,949	0	0	133,949
Depreciation and impairment losses at 31 December 2019	-4,975,699	-767,642	-897,834	-6,641,175
Carrying amount at 31 December 2019	3,040,341	9,606	52,146	3,102,093

7 Non-current liabilities

DKK	31/12 2019	31/12 2018	Repayment, first year	Outstanding debt after five years
	559,723	670,651	111,200	0
	559,723	670,651	111,200	0

8 Contractual obligations, contingencies, etc.

Contingent liabilities

The company is jointly and severally liable together with the parent company and the other companies in the joint taxable group for tax on the group's joint taxable income and for certain possible withholding taxes such as dividend tax, etc.

Tax payable on the group's joint taxable income is stated in the annual report of Paper Bottle Company A/S, which serves as management company for the joint taxation.