



Deloitte
Statsautoriseret
Revisionspartnerselskab
CVR-nr. 33963556
Weidekampsgade 6
Postboks 1600
0900 København C

Phone 36 10 20 30
Fax 36 10 20 40
www.deloitte.dk

DBI HOLDING A/S

Stationsvej 5
4295 Stenlille
Central Business Registration
No 29821739

Annual report 2019

The Annual General Meeting adopted the annual report on 19.06.2020

Chairman of the General Meeting

Name: Ole Lund Madsen

Contents

	<u>Page</u>
Entity details	1
Statement by Management on the annual report	2
Independent auditor's report	3
Management commentary	6
Consolidated income statement for 2019	9
Consolidated balance sheet at 31.12.2019	10
Consolidated statement of changes in equity for 2019	12
Consolidated cash flow statement for 2019	13
Notes to consolidated financial statements	14
Parent income statement for 2019	18
Parent balance sheet at 31.12.2019	19
Parent statement of changes in equity for 2019	21
Notes to parent financial statements	22
Accounting policies	24

Entity details

Entity

DBI HOLDING A/S
Stationsvej 5
4295 Stenlille

Central Business Registration No (CVR): 29821739
Registered in: Sorø
Financial year: 01.01.2019 - 31.12.2019

Board of Directors

Hans Christian Petersen, Chairman
Claus Henningsen
Per Toft Valstorp
Michael Laursen

Executive Board

Hans Hellstrøm Henningsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
Postboks 1600
0900 København C

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of DBI HOLDING A/S for the financial year 01.01.2019 - 31.12.2019.

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 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Stenlille, 19.06.2020

Executive Board

Hans Hellstrøm Henningsen

Board of Directors

Hans Christian Petersen
Chairman

Claus Henningsen

Per Toft Valstorp

Michael Laursen

Independent auditor's report

To the shareholders of DBI HOLDING A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of DBI HOLDING A/S for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 consolidated financial statements and the parent financial statements section of this auditor's report. We are independent of the Group 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Parent'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 consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Group or the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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

Independent auditor's report

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 consolidated financial statements and these parent 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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group's and the Parent'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 consolidated financial statements and the parent 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 Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent 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 consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent 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 consolidated financial statements and the parent 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.

Copenhagen, 19.06.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

René Carøe Andersen
State Authorised Public Accountant
Identification No (MNE) mne34499

Ane Sachs Aasand
State Authorised Public Accountant
Identification No (MNE) mne42783

Management commentary

	2019 DKK'000	2018 DKK'000	2017 DKK'000	2016 DKK'000	2015 DKK'000
Financial highlights					
Key figures					
Revenue	173.194	170.910	172.672	160.029	150.158
Gross profit/loss	98.874	101.797	101.623	95.760	89.721
Operating profit/loss	11.928	14.390	10.108	16.806	20.571
Net financials	85	(686)	(1.802)	(1.179)	(905)
Profit/loss for the year	9.891	10.149	6.567	11.976	15.528
Total assets	164.164	172.579	168.300	161.305	152.297
Investments in property, plant and equipment	17.900	9.469	10.730	13.331	15.800
Equity	114.570	104.548	117.535	110.656	98.969
Average numbers of employees	215	199	192	178	148
Ratios					
Gross margin (%)	57,1	59,6	58,9	59,8	59,8
Net margin (%)	5,7	5,9	3,8	7,5	10,3
Return on equity (%)	9,0	9,1	5,8	11,4	15,7
Equity ratio (%)	69,8	60,6	69,8	68,6	65,0
Revenue per employee	805,6	858,8	899,3	899,0	1.014,6

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity

Management commentary

Primary activities

The primary activities of the Group comprise the development, manufacturing and sale of protective solutions, which are sold mainly on the European market. The production is carried out primarily in Denmark, and sales are carried out through enterprises in Denmark, six other European countries, North America and Asia; see the group chart on page 8.

Development in activities and finances

The Company continued to develop and expand the organization in line with the overall strategy. Following the consolidation of the European warehouse and logistics activities, the Company expanded the facility in Poland to 9,000 m² ready for expanding production in 2020. The company also continued to expand its global commercial footprint and capabilities.

As expected, the Group's revenue for the year ended at DKK 173,195 thousand, slightly higher than 2018. The consolidated profit for the year ended at DKK 9,891 thousand, slightly down from DKK 10,149 thousand in 2018.

Uncertainty relating to recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies and Management of DBI Holding A/S is of the opinion that no uncertainty is related to recognition and measurement.

Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement in the financial year 2019.

Outlook

The overall strategy progression continues as planned, and is expected to gradually improve both growth rates and results. The uncertainty from current global market conditions, notably the impact from COVID-19, is likely to have a delaying effect. It is at this stage impossible to assess the duration and impact of the COVID-19. A number of customers have been closed and are now starting to open up their production facilities again, so we hope the impact is of a temporary nature.

Particular risks

The Group's activities do not involve any particular risks; neither operating nor financial risks. As the main part of transactions is carried out in euro, the Group's activities are not considered to involve any special foreign exchange risks.

Intellectual capital resources

The Group employs the needed number of employees with relevant qualifications who possess considerable know-how of the Group's products and production. Further and supplementary training is provided to the extent necessary.

Environmental performance

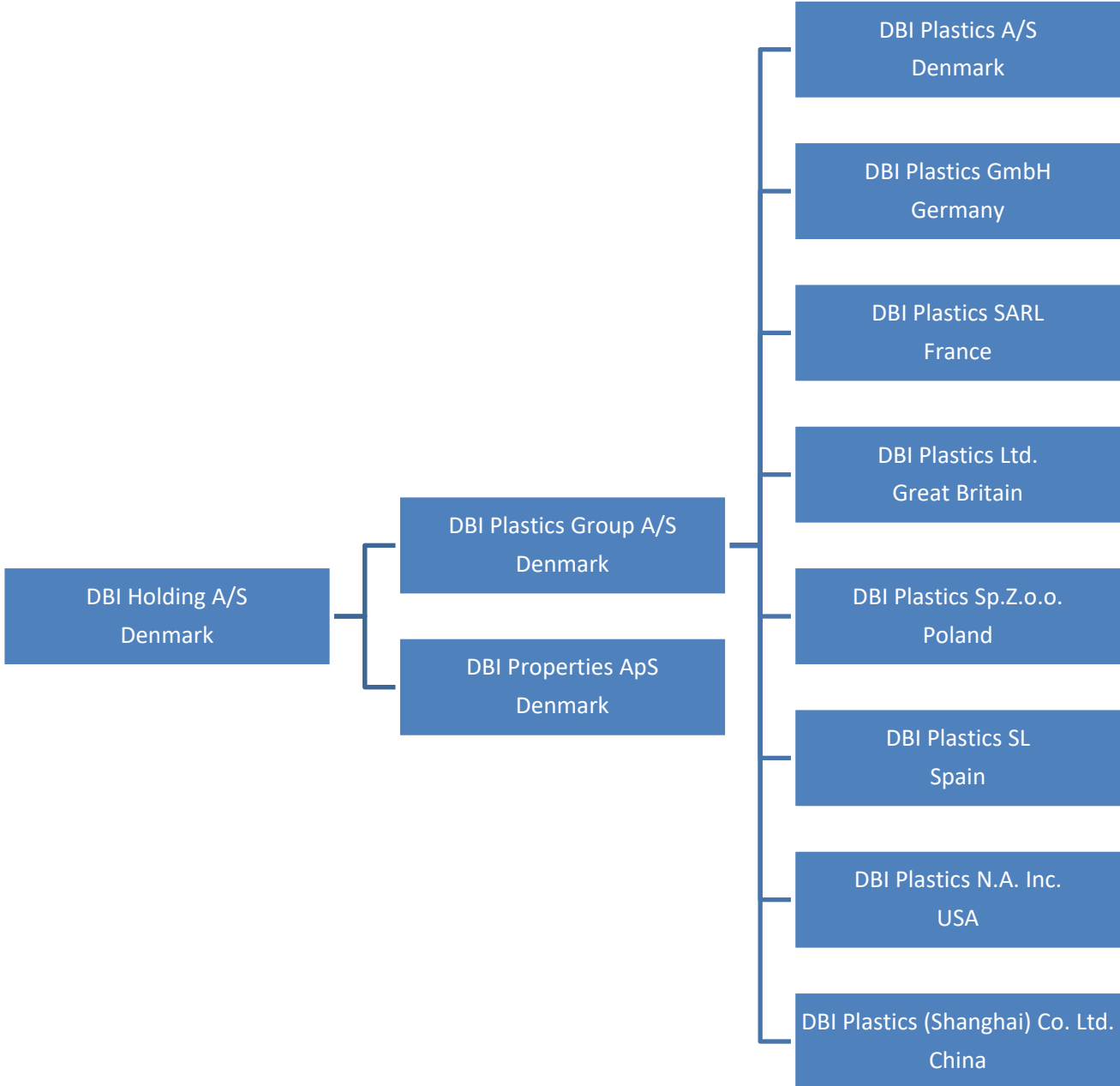
The manufacturing company is environmentally certified under ISO 14001 and, moreover, also under ISO 9001, ISO 50001 and IATF 16949. The Group's activities do not have any material environmental impact.

Management commentary

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.

Group chart



Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Revenue		173.194.178	170.910.003
Costs of raw materials and consumables		(38.394.476)	(37.909.993)
Other external expenses		(35.925.587)	(31.203.351)
Gross profit/loss		98.874.115	101.796.659
Staff costs	1	(72.633.268)	(72.178.836)
Depreciation, amortisation and impairment losses	2	(14.313.021)	(15.228.237)
Operating profit/loss		11.927.826	14.389.586
Other financial income		1.098.171	12.962
Other financial expenses		(1.012.846)	(699.364)
Profit/loss before tax		12.013.151	13.703.184
Tax on profit/loss for the year	3	(2.122.577)	(3.554.171)
Profit/loss for the year	4	9.890.574	10.149.013

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Land and buildings		37.849.535	39.396.731
Plant and machinery		23.714.194	23.494.020
Other fixtures and fittings, tools and equipment		6.384.139	2.284.696
Leasehold improvements		340.625	1.374.494
Property, plant and equipment in progress		2.141.125	730.763
Property, plant and equipment	5	<u>70.429.618</u>	<u>67.280.704</u>
Deposits		683.440	297.451
Deferred tax	7	1.281.648	1.350.000
Fixed asset investments	6	<u>1.965.088</u>	<u>1.647.451</u>
Fixed assets		<u>72.394.706</u>	<u>68.928.155</u>
Raw materials and consumables		6.740.686	3.420.236
Manufactured goods and goods for resale		30.814.179	32.595.478
Inventories		<u>37.554.865</u>	<u>36.015.714</u>
Trade receivables		38.237.125	35.503.421
Contract work in progress	8	2.585.186	309.655
Receivables from group enterprises		1.444.183	0
Other receivables		1.064.559	2.575.617
Prepayments		110.222	185.474
Receivables		<u>43.441.275</u>	<u>38.574.167</u>
Cash		<u>10.773.322</u>	<u>29.061.417</u>
Current assets		<u>91.769.462</u>	<u>103.651.298</u>
Assets		<u>164.164.168</u>	<u>172.579.453</u>

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital		2.000.000	2.000.000
Retained earnings		112.569.920	102.547.787
Equity		114.569.920	104.547.787
Other provisions	9	525.396	2.146.102
Provisions		525.396	2.146.102
Mortgage debt		16.512.291	16.512.291
Bank loans		0	3.562.500
Non-current liabilities other than provisions		16.512.291	20.074.791
Current portion of long-term liabilities other than provisions		0	1.825.000
Bank loans		8.271.023	0
Trade payables		7.655.181	8.178.088
Payables to group enterprises		0	21.556.000
Income tax payable		0	2.182.850
Joint taxation contribution payable		3.711.887	0
Other payables		12.918.470	12.008.418
Deferred income	10	0	60.417
Current liabilities other than provisions		32.556.561	45.810.773
Liabilities other than provisions		49.068.852	65.885.564
Equity and liabilities		164.164.168	172.579.453
Unrecognised rental and lease commitments	12		
Assets charged and collateral	13		
Subsidiaries	14		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	2.000.000	102.547.787	104.547.787
Exchange rate adjustments	0	248.795	248.795
Other entries on equity	0	(117.236)	(117.236)
Profit/loss for the year	0	9.890.574	9.890.574
Equity end of year	2.000.000	112.569.920	114.569.920

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Operating profit/loss		11.927.824	14.389.586
Amortisation, depreciation and impairment losses		14.544.907	15.228.237
Other provisions		(1.620.706)	(3.482.367)
Working capital changes	11	(4.911.494)	2.815.507
Cash flow from ordinary operating activities		19.940.531	28.950.963
Financial income received		2.248.498	0
Financial expenses paid		(2.163.170)	(686.402)
Income taxes refunded/(paid)		(525.188)	(3.307.069)
Cash flows from operating activities		19.500.671	24.957.492
Acquisition etc of property, plant and equipment		(17.899.999)	(9.469.434)
Sale of property, plant and equipment		227.893	1.693.300
Acquisition of fixed asset investments		0	(80.649)
Cash flows from investing activities		(17.672.106)	(7.856.783)
Loans raised		8.271.023	0
Repayments of loans etc		(5.387.500)	(2.905.209)
Incurrence of debt to group enterprises		(23.000.183)	21.556.000
Dividend paid		0	(23.000.000)
Cash flows from financing activities		(20.116.660)	(4.349.209)
Increase/decrease in cash and cash equivalents		(18.288.095)	12.751.500
Cash and cash equivalents beginning of year		29.061.417	16.309.917
Cash and cash equivalents end of year		10.773.322	29.061.417

Notes to consolidated financial statements

	2019 DKK	2018 DKK
1. Staff costs		
Wages and salaries	65.992.394	65.882.014
Pension costs	2.304.983	2.143.577
Other social security costs	3.550.373	3.333.909
Other staff costs	785.518	819.336
	72.633.268	72.178.836
Average number of employees	215	199
	Remunera- tion of manage- ment 2019 DKK	Remunera- tion of manage- ment 2018 DKK
Total amount for management categories	2.908.463	2.805.000
	2.908.463	2.805.000
	2019 DKK	2018 DKK
2. Depreciation, amortisation and impairment losses		
Depreciation of property, plant and equipment	14.544.907	15.228.237
Profit/loss from sale of intangible assets and property, plant and equipment	(231.886)	0
	14.313.021	15.228.237
	2019 DKK	2018 DKK
3. Tax on profit/loss for the year		
Current tax	2.021.614	3.902.753
Change in deferred tax	68.352	(54.000)
Adjustment concerning previous years	32.611	(294.582)
	2.122.577	3.554.171
	2019 DKK	2018 DKK
4. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	0	23.000.000
Retained earnings	9.890.574	(12.850.987)
	9.890.574	10.149.013

Notes to consolidated financial statements

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
5. Property, plant and equipment				
Cost beginning of year	60.310.703	159.914.070	9.277.350	11.091.600
Exchange rate adjustments	0	0	47.562	0
Additions	0	11.106.400	5.383.237	0
Disposals	0	(2.128.069)	(800.133)	0
Cost end of year	60.310.703	168.892.401	13.908.016	11.091.600
Depreciation and impairment losses beginning of year	(20.913.972)	(136.420.050)	(6.992.654)	(9.717.106)
Exchange rate adjustments	0	0	(25.847)	0
Depreciation for the year	(1.547.196)	(10.886.226)	(1.077.616)	(1.033.869)
Reversal regarding disposals	0	2.128.069	572.240	0
Depreciation and impairment losses end of year	(22.461.168)	(145.178.207)	(7.523.877)	(10.750.975)
Carrying amount end of year	37.849.535	23.714.194	6.384.139	340.625
				Property, plant and equipment in progress DKK
5. Property, plant and equipment				
Cost beginning of year				730.763
Exchange rate adjustments				0
Additions				1.410.362
Disposals				0
Cost end of year				2.141.125
Depreciation and impairment losses beginning of year				0
Exchange rate adjustments				0
Depreciation for the year				0
Reversal regarding disposals				0
Depreciation and impairment losses end of year				0
Carrying amount end of year				2.141.125

Notes to consolidated financial statements

	<u>Deposits DKK</u>	<u>Deferred tax DKK</u>
6. Fixed asset investments		
Cost beginning of year	298.869	1.350.000
Additions	356.368	0
Disposals	29.621	(68.352)
Cost end of year	684.858	1.281.648
Impairment losses beginning of year	(1.418)	0
Impairment losses end of year	(1.418)	0
Carrying amount end of year	683.440	1.281.648
	2019 DKK	2018 DKK
7. Deferred tax		
Property, plant and equipment	631.000	(879.000)
Inventories	220.000	1.746.000
Receivables	(4.000)	4.000
Provisions	434.648	479.000
	1.281.648	1.350.000
Changes during the year		
Beginning of year	1.350.000	
Recognised in the income statement	(68.352)	
End of year	1.281.648	

Deferred tax assets are recognized on the basis of expected realized income from sales. The revenue base justify recognition of the tax assets.

	<u>2019 DKK</u>	<u>2018 DKK</u>
8. Contract work in progress		
Contract work in progress	3.312.397	1.253.223
Progress billings regarding contract work in progress	(727.211)	(943.568)
	2.585.186	309.655

9. Other provisions

Other provisions relate to restructuring liability.

10. Short-term deferred income

Deferred income recognized as liabilities relates to income to recognition in the following financial years.

Notes to consolidated financial statements

	2019 DKK	2018 DKK
11. Change in working capital		
Increase/decrease in inventories	(1.539.151)	2.349.865
Increase/decrease in receivables	(3.808.914)	(1.199.089)
Increase/decrease in trade payables etc	326.728	1.797.447
Other changes	109.843	(132.716)
	(4.911.494)	2.815.507

	2019 DKK	2018 DKK
12. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	11.262.789	13.239.911

13. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties amounts to DKK 37.850 thousand.

	Registered in	Corpo- rate form	Equity inte- rest %	Equity DKK	Profit/loss DKK
14. Subsidiaries					
DBI Plastics Group A/S	Stenlille	A/S	100,0	93.025.112	8.777.716
DBI Properties ApS	Stenlille	ApS	100,0	21.943.776	1.312.470
DBI Plastics A/S	Stenlille	A/S	100,0	52.928.226	4.578.679
DBI Plastics GmbH	Germany	GmbH	100,0	2.688.257	751.452
DBI Plastics SARL	France	SARL	100,0	2.665.810	223.706
DBI Plastics Ltd.	United Kingdom	Ltd.	100,0	745.303	139.280
DBI Plastics Sp. Z.o.o	Poland	Sp. Z.o.o.	100,0	21.023.620	1.784.383
DBI Plastics SL	Spain	SL	100,0	3.243.846	473.057
DBI Plastics N.A. Inc.	United States of America	Inc.	100,0	(1.037.452)	535.020
DBI Plastics (Shanghai) Co. Ltd.	China	Co. Ltd.	100,0	776.208	593.816

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Other external expenses		(212.501)	(125.849)
Operating profit/loss		(212.501)	(125.849)
Income from investments in group enterprises		10.090.186	10.247.252
Other financial income		(1.603)	(389)
Profit/loss before tax		9.876.082	10.121.014
Tax on profit/loss for the year	2	14.492	28.000
Profit/loss for the year	3	9.890.574	10.149.014

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Investments in group enterprises		114.968.889	127.747.144
Fixed asset investments	4	114.968.889	127.747.144
Fixed assets		114.968.889	127.747.144
Receivables from group enterprises		23.652.071	0
Joint taxation contribution receivable		75.103	28.000
Receivables		23.727.174	28.000
Cash		84.760	175.114
Current assets		23.811.934	203.114
Assets		138.780.823	127.950.258

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>	<u>2018 DKK</u>
Contributed capital	5	2.000.000	2.000.000
Reserve for net revaluation according to the equity method		66.178.338	78.956.593
Retained earnings		46.391.583	23.591.195
Equity		114.569.921	104.547.788
Payables to group enterprises		24.118.404	23.342.582
Other payables		92.498	59.888
Current liabilities other than provisions		24.210.902	23.402.470
Liabilities other than provisions		24.210.902	23.402.470
Equity and liabilities		138.780.823	127.950.258
Staff costs	1		
Contingent liabilities	6		
Related parties with controlling interest	7		

Parent statement of changes in equity for 2019

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Total DKK
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Equity beginning of year	2.000.000	78.956.593	23.591.195	104.547.788
Exchange rate adjustments	0	160.687	0	160.687
Other entries on equity	0	(29.128)	0	(29.128)
Dividends from group enterprises	0	(23.000.000)	23.000.000	0
Profit/loss for the year	<u>0</u>	<u>10.090.186</u>	<u>(199.612)</u>	<u>9.890.574</u>
Equity end of year	<u>2.000.000</u>	<u>66.178.338</u>	<u>46.391.583</u>	<u>114.569.921</u>

Notes to parent financial statements

	<u>2019</u>	<u>2018</u>
1. Staff costs		
Average number of employees	<u>0</u>	<u>0</u>
	<u>2019</u>	<u>2018</u>
	<u>DKK</u>	<u>DKK</u>
2. Tax on profit/loss for the year		
Adjustment concerning previous years	32.611	0
Refund in joint taxation arrangement	(47.103)	(28.000)
	<u>(14.492)</u>	<u>(28.000)</u>
	<u>2019</u>	<u>2018</u>
	<u>DKK</u>	<u>DKK</u>
3. Proposed distribution of profit/loss		
Extraordinary dividend distributed in the financial year	0	23.000.000
Transferred to reserve for net revaluation according to the equity method	10.090.186	10.247.252
Retained earnings	(199.612)	(23.098.238)
	<u>9.890.574</u>	<u>10.149.014</u>
		<u>Invest-</u>
		<u>ments in</u>
		<u>group</u>
		<u>enterprises</u>
		<u>DKK</u>
4. Fixed asset investments		
Cost beginning of year		48.790.551
Cost end of year		<u>48.790.551</u>
Revaluations beginning of year		78.956.593
Exchange rate adjustments		160.687
Share of profit/loss for the year		10.090.186
Dividend		(23.000.000)
Other adjustments		(29.128)
Revaluations end of year		<u>66.178.338</u>
Carrying amount end of year		<u>114.968.889</u>

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Notes to parent financial statements

	<u>Number</u>	<u>Par value DKK</u>	<u>Nominal value DKK</u>	<u>Recorded par value DKK</u>
5. Contributed capital				
A-shares	500.000	1	500.000	500.000
B-shares	1.500.000	1	1.500.000	1.500.000
	2.000.000		2.000.000	2.000.000

6. Contingent liabilities

The Parent has issued a cross guarantee for the bank debt of the Danish group enterprises. The total bank debt of the Danish group enterprises that has been guaranteed amounts to DKK 11.101 thousand at 31.12.2019.

The Entity participates in a Danish joint taxation arrangement where Hans Hellstrøm Henningsen Holding A/S 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, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

7. Related parties with controlling interest

The following shareholders hold a significant influence on the Company:

- Hans Hellstrøm Henningsen Holding ApS, Stationsvej 5, 4295 Stenlille.

All transactions with related parties which have not been according with market conditions will be disclosed. There have been no such transactions in the financial year.

Accounting policies

Reporting class

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

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Non-comparability

Changed presentation has been made in the comparative figures. The change affects property, plant and equipment in progress and contract work in progress. The change has no effect on gross profit, results, assets, equity or liabilities.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

Income statement

Revenue

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

Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

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 as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

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

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

Other financial income

Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

Accounting policies

Balance sheet

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

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

Buildings	30 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

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. 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.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Accounting policies

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 carry forwards, 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.

Inventories

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

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

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

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

Receivables

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

Accounting policies

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

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

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt

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

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Income tax receivable or payable

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

Joint taxation contributions receivable or payable

Current joint taxation contributions receivable or joint taxation payable is recognised in the balance sheet, calculated as tax computed on the taxable income of the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Accounting policies

Deferred income

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities as well as 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 as well as 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 as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

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