



Dan-Web Machinery A/S

Røddikvej 82
8464 Galten
CVR No. 32474977

Annual report 01.07.2019 - 30.06.2020

The Annual General Meeting adopted the
annual report on 21.10.2020

Linda Hansen

Chairman of the General Meeting

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Entity details

Entity

Dan-Web Machinery A/S

Røddikvej 82

8464 Galten

CVR No.: 32474977

Registered office: Skanderborg

Financial year: 01.07.2019 - 30.06.2020

Board of Directors

Henrik Steen Jensen, chairman

Kent Bjarne Sørensen

Kurt Dam Sørensen

Executive Board

Kurt Dam Sørensen

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 Dan-Web Machinery A/S for the financial year 01.07.2019 - 30.06.2020.

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 30.06.2020 and of the results of its operations for the financial year 01.07.2019 - 30.06.2020.

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.

Galten, 21.10.2020

Executive Board

Kurt Dam Sørensen

Board of Directors

Henrik Steen Jensen
chairman

Kent Bjarne Sørensen

Kurt Dam Sørensen

Independent auditor's report

To the shareholders of Dan-Web Machinery A/S

Opinion

We have audited the financial statements of Dan-Web Machinery A/S for the financial year 01.07.2019 - 30.06.2020, which comprise the income statement, balance sheet, statement of changes in equity 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 30.06.2020 and of the results of its operations for the financial year 01.07.2019 - 30.06.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aarhus, 21.10.2020

Deloitte

Statsautoriseret Revisionspartnerselskab

CVR No. 33963556

Michael Bach

State Authorised Public Accountant

Identification No (MNE) mne19691

Management commentary

Primary activities

The Company's primary activity consists in delivering machinery and turnkey plants for air-laid paper production.

Development in activities and finances

The financial performance is considered satisfactory, taking into account the impact of COVID-19 on the Company's activities in the period from mid-March 2020 to the balance sheet date.

Outlook

After the balance sheet date and until the presentation of the annual report, the Company has had a significant order intake, and the Company's pipeline for additional orders is larger than ever before. Based on order confirmations, the Company expects a significant double-digit million kroner profit for the current financial year. If the present pipeline results in more orders to be initiated in the current financial year, the profit will be even higher. It is a condition for the increase in profit that the development of COVID-19 does not prevent the installation of sold plants at the Company's foreign customers.

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.

Income statement for 2019/20

	Notes	2019/20 DKK	2018/19 DKK
Gross profit/loss		12,868,184	16,308,138
Staff costs	1	(11,119,210)	(12,392,791)
Depreciation, amortisation and impairment losses	2	(507,284)	(801,838)
Operating profit/loss		1,241,690	3,113,509
Other financial income	3	98,109	208,570
Other financial expenses		(279,768)	(119,962)
Profit/loss before tax		1,060,031	3,202,117
Tax on profit/loss for the year	4	(250,706)	(725,238)
Profit/loss for the year		809,325	2,476,879
Proposed distribution of profit and loss			
Ordinary dividend for the financial year		3,500,000	0
Extraordinary dividend distributed in the financial year		4,350,000	8,500,000
Retained earnings		(7,040,675)	(6,023,121)
Proposed distribution of profit and loss		809,325	2,476,879

Balance sheet at 30.06.2020

Assets

	Notes	2019/20 DKK	2018/19 DKK
Other fixtures and fittings, tools and equipment		765,634	591,522
Leasehold improvements		921,633	1,068,394
Property, plant and equipment	5	1,687,267	1,659,916
Deposits		615,000	600,000
Other financial assets	6	615,000	600,000
Fixed assets		2,302,267	2,259,916
Raw materials and consumables		1,072,351	636,984
Inventories		1,072,351	636,984
Trade receivables		922,459	2,120,712
Contract work in progress	7	5,675,558	3,046,238
Receivables from group enterprises		3,395,488	4,320,254
Other receivables		1,790,603	332,583
Prepayments		160,756	201,502
Receivables		11,944,864	10,021,289
Cash		22,699,437	28,882,154
Current assets		35,716,652	39,540,427
Assets		38,018,919	41,800,343

Equity and liabilities

	Notes	2019/20 DKK	2018/19 DKK
Contributed capital		3,000,000	3,000,000
Retained earnings		13,951,147	20,991,822
Proposed dividend		3,500,000	0
Equity		20,451,147	23,991,822
Deferred tax		5,280,000	7,155,000
Other provisions		1,000,000	1,000,000
Provisions		6,280,000	8,155,000
Joint taxation contribution payable		2,125,718	6,347,238
Other payables		962,761	0
Non-current liabilities other than provisions	8	3,088,479	6,347,238
Prepayments received from customers		819,567	85,286
Trade payables		5,642,959	1,335,267
Other payables		1,736,767	1,885,730
Current liabilities other than provisions		8,199,293	3,306,283
Liabilities other than provisions		11,287,772	9,653,521
Equity and liabilities		38,018,919	41,800,343
Unrecognised rental and lease commitments	9		
Contingent liabilities	10		
Assets charged and collateral	11		

Statement of changes in equity for 2019/20

	Contributed capital DKK	Retained earnings DKK	Proposed extraordinary dividend DKK	Proposed dividend DKK	Total DKK
Equity beginning of year	3,000,000	20,991,822	0	0	23,991,822
Extraordinary dividend paid	0	0	(4,350,000)	0	(4,350,000)
Profit/loss for the year	0	(7,040,675)	4,350,000	3,500,000	809,325
Equity end of year	3,000,000	13,951,147	0	3,500,000	20,451,147

Notes

1 Staff costs

	2019/20	2018/19
	DKK	DKK
Wages and salaries	10,096,845	10,748,405
Pension costs	790,814	792,542
Other social security costs	210,820	253,959
Other staff costs	20,731	597,885
	11,119,210	12,392,791
Average number of full-time employees	21	21

2 Depreciation, amortisation and impairment losses

	2019/20	2018/19
	DKK	DKK
Depreciation of property, plant and equipment	506,714	801,838
Profit/loss from sale of intangible assets and property, plant and equipment	570	0
	507,284	801,838

3 Other financial income

	2019/20	2018/19
	DKK	DKK
Financial income from group enterprises	42,168	127,624
Exchange rate adjustments	55,941	80,946
	98,109	208,570

4 Tax on profit/loss for the year

	2019/20	2018/19
	DKK	DKK
Current tax	2,125,706	6,347,238
Change in deferred tax	(1,875,000)	(5,622,000)
	250,706	725,238

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	4,022,473	1,467,611
Additions	633,815	0
Disposals	(770,075)	0
Cost end of year	3,886,213	1,467,611
Depreciation and impairment losses beginning of year	(3,430,951)	(399,217)
Depreciation for the year	(359,953)	(146,761)
Reversal regarding disposals	670,325	0
Depreciation and impairment losses end of year	(3,120,579)	(545,978)
Carrying amount end of year	765,634	921,633

6 Financial assets

	Deposits DKK
Cost beginning of year	600,000
Additions	15,000
Cost end of year	615,000
Carrying amount end of year	615,000

7 Contract work in progress

	2019/20 DKK	2018/19 DKK
Contract work in progress	48,273,745	66,933,766
Progress billings regarding contract work in progress	(43,417,754)	(63,972,814)
Transferred to liabilities other than provisions	819,567	85,286
	5,675,558	3,046,238

8 Non-current liabilities other than provisions

	Due after more than 12 months 2019/20 DKK	Outstanding after 5 years 2019/20 DKK
Joint taxation contribution payable	2,125,718	0
Other payables	962,761	962,761
	3,088,479	962,761

9 Unrecognised rental and lease commitments

	2019/20 DKK	2018/19 DKK
Liabilities under rental or lease agreements until maturity in total	11,822,355	15,073,314
Liabilities under rental agreements or leases with group enterprises until expiry	11,516,934	14,730,962

10 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement where K.D.S. Invest 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, 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.

11 Assets charged and collateral

The company has provided an advance payment guarantee totaling 396 t.EUR. regarding contract work in progress.

Bank loans are secured on a letter of indemnity with floating charge. The letter of indemnity of DKK 23,000k is secured on unsecured claims, inventories, operating equipment and intellectual property rights. At 30.06.2020 there is no bank debt in the company.

The carrying amount of mortgaged intellectual property rights amounts to DKK 0.

The carrying amount of mortgaged unsecured claims amounts to DKK 922,458.

The carrying amount of mortgaged inventories amounts to DKK 1,072,351.

The carrying amount of mortgaged operating equipment (exclusive leasehold improvements) amounts to DKK 765,633.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of certain provisions for reporting class C.

This year, the Company was reclassified from reporting class C enterprises to reporting class B enterprises. The only change is a reduction in the note and disclosure requirement. Apart from this, the accounting policies remain unchanged.

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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, 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.

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).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

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

Staff costs

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

Depreciation, amortisation and impairment losses

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

Other financial income

Other financial income comprises dividends etc received on other investments, 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, and 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, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

The Entity is jointly taxed with the parent company all the parent company's other 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**Property, plant and equipment**

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

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:

Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	10 years

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

Estimated useful lives and residual values are reassessed annually.

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

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.

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, and finance costs are recognised in the income statement as incurred.

Prepayments

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

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.

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.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are 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.