Tajco Group A/S

Jens Ravns Vej 11A, DK-7100 Vejle

Annual Report for 1 January - 31 December 2021

CVR No 33 57 47 97

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 31/5 2022

Henrik Lykke Søberg
Chairman of the General Meeting

Contents

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Tajco Group A/S for the financial year 1 January - 31 December 2021.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Vejle, 26 April 2022

Executive Board

Erik Laursen
Executive Officer

Board of Directors

Leif Jensen Chairman	Limin Kevin Mao	Frank Lorenz
Susanne Ann-Charlotte Budin		

Independent Auditor's Report

To the Shareholders of Tajco Group A/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Tajco Group A/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

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 Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

Management's responsibilities for the Financial Statements
Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and 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 Group or 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 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 Company's and the Group'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 Group's and 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

Independent Auditor's Report

audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and 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.

- 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.

Aarhus, 26 April 2022
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh
statsautoriseret revisor
mne26783

Henrik Berring Rasmussen
statsautoriseret revisor
mne34157

Company Information

The Company	Tajco Group A/S Jens Ravns Vej 11A DK-7100 Vejle Telephone: + 45 7532 1411 Website: www.tajco-group.com CVR No: 33 57 47 97 Financial period: 1 January - 31 December Municipality of reg. office: Vejle
Board of Directors	Leif Jensen, Chairman Limin Kevin Mao Frank Lorenz Susanne Ann-Charlotte Budin
Executive Board	Erik Laursen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2021	2020	2019	2018	2017
	DKK '000	DKK '000	DKK '000	DKK '000	DKK '000
Key figures					
Profit/loss					
Revenue	713.786	684.896	885.086	885.470	894.897
Gross profit/loss	244.646	214.198	241.149	279.774	294.814
Profit/loss before financial income and expenses	53.280	5.942	18.195	70.366	52.666
Net financials	838	-5.091	-2.490	-3.733	-13.193
Net profit/loss for the year	45.067	628	8.899	48.492	24.643
Balance sheet					
Balance sheet total	659.560	602.573	647.148	628.325	689.572
Equity	278.685	205.552	215.084	204.565	156.688
Cash flows					
investment in property, plant and equipment	-21.026	-14.290	-32.100	-27.588	-23.006
Average number of employees	879	1.008	1.185	1.136	1.148
Financial ratios					
Gross margin	34,3%	31,3%	27,2%	31,6%	32,9%
Profit margin	7,5%	0,9%	2,1%	7,9%	5,9%
Return on assets	8,1%	1,0%	2,8%	11,2%	7,6%
Solvency ratio	42,3%	34,1%	33,2%	32,6%	22,7%
Return on equity	18,6%	0,3%	4,2%	26,8%	16,5%

Financial ratios have been calculated in accordance with definitions in the Accounting Policies in Note 19.

Management's Review

Key activities

TAJCO Group develops and manufactures premium exterior trims for the global automotive industry. Operations consist of product development, engineering, manufacturing and sales for OEM's and Tier 1 partners. TAJCO Group products are mainly delivered directly to car manufacturing plants in Europe, Asia and the US.

Exterior trims are used as a design element on most premium cars. Especially exhaust trims are subject to the strict quality requirements of the automotive industry and, consequently, the quality demands on TAJCO Group are extensive. In order to stay ahead of market demands, all companies within TAJCO Group are certified according to the IATF 16949:2016 standard.

Development in the year

The consolidated income statement for 2021 shows a profit of TDKK 45.067 which is considered satisfactory in light of several challenges throughout the year. Besides COVID-19 impact, the revenue for the year is impacted by the lack of semiconductors, which has influenced both the automotive industry as well as many other industries. The profit is negatively impacted by strongly increased steel prices and freight rates. Cashflow development has been strong with an improvement of TDKK 62.637 in 2021. As per 31.12.2021, the consolidated balance sheet shows an equity of TDKK 278.685.

Outlook

Uncertainties for automotive manufacturers caused by the lack of semiconductors and increasing inflation and supply chain issues related to the Ukrainian situation could severely influence demand for exterior trims. Therefore a minor single-digit decline in 2022 revenue, and an EBITDA which is lower, is forecasted. This is in line with the trend towards electrical cars and away from exterior trims on cars, while increased revenue is expected from new business product areas not related to car engine type.

Special risks - operating risks and financial risks

Raw material prices and freight rates

TAJCO Group's use of stainless steel as raw material creates a specific risk; the potentially significant fluctuations in steel prices in a volatile market may create cost increases, which only to a limited degree can be compensated for by contractually agreed price increases.

The tendency is similar for fluctuations in freight rates, which can also only to a limited degree be compensated for by contractually agreed price increases. TAJCO Group continuously monitors the market and assesses if long term agreements for freight rates are considered advantageous.

Management's Review

Currency

Due to its international operations, TAJCO Group earnings, cash flow and equity are affected by the development in exchange rates and interest rates in several currencies. It is TAJCO Group policy not to hedge these commercial currency risks. To the extent possible, TAJCO Group seeks to naturally hedge the risks, which occur as a consequence of the actions in an international market. Furthermore, TAJCO Group continuously monitors fluctuations in currencies and continuously evaluates the need for hedging by forward contracts.

For subsidiaries, which are separate legal entities, the currency adjustments of investments are recognised directly in equity.

External environment

TAJCO Group continuously invests to ensure that all environmental requirements are followed, including initiatives to ensure that the use of chemicals does not impact or cause damage to the external environment. The necessary environmental licenses and certifications have been obtained in order to be able to carry out activities. See further elaboration on this point in the section 'Focus on environment'.

Statement of corporate social responsibility

TAJCO Group has a global footprint as described in the section "Key Activities". The company has manufacturing and logistic facilities in China and Slovakia, as well as sales and administration offices in Denmark, Germany, United States, China and Japan. Subcontractors in China are furthermore part of the TAJCO Group supply chain. Products are exported globally.

TAJCO Group is aware of its responsibility as an employer and world citizen, and therefore has a great focus on acting in a financially and socially responsible manner. A CSR policy has been developed, approved by the Board of Directors, implemented and integrated in TAJCO Group business strategies. Highlights of the policy are pointed out below. The complete version is available from:

https://www.tajco-group.com/about/csr.

Management's Review

Focus on management of subcontractors

TAJCO Group uses several subcontractors. It is essential for TAJCO Group to ensure that these subcontractors follow and comply with the same ethical and social responsibility standards as TAJCO Group.

The determined effort to follow up on this by review of the subcontractors is ongoing to ensure that subcontractors have recorded, implemented and followed up on the policies. In 2021, ten suppliers have been audited.

Focus on the development of employees

TAJCO Group focuses both on the professional development of its employees as well as on providing employees with a safe and healthy working environment. Due to the nature of the production process of tailpipe trims, the major risk for employees is within the safety area. Employees are trained in quality, environmental and occupational health and safety awareness, and in 2021, we have increased focus on leadership as well as development of employees in general.

Furthermore, clear terms of employment regarding training, working hours and ethics as well as diversity, gender equality and inclusion are referred to in the TAJCO Employee Handbooks and policy for gender equality.

At group level, TAJCO Group monitors and follows up on work safety through the registration of the number of accidents. A major "Safety First" campaign has been pursued since 2019. In 2021, the number of work-related accidents remained at four accidents, equal to the result in 2020. Keeping the level status quo after a significant reduction in 2020, is the result of continued efforts within operations and the global 'Safety First' campaign. Structured risk assessments, safety audits, comprehensive training programmes during onboarding activities as well as on-the-job training are now integrated into operations. For 2022, the objective has been set for maximum two accidents.

Human rights

It is important for TAJCO Group that all human rights are respected and maintained. The TAJCO Supplier Code of Conduct and the global CSR policy clearly state that TAJCO Group under no circumstances makes use of child labour, thus supporting the ILO Convention regarding minimum ages of employees.

In 2021, TAJCO Group continued to conduct process audits among all potential suppliers in order to ensure compliance with the company's human rights policy. Due to the risk of violation of human rights within in the value chain, TAJCO Group has continued throughout 2021 to ensure agreement with the TAJCO Group Supplier Code of Conduct in advance of all potential business offers as well as all new supplier collaborations. Hereby TAJCO Group ensures the prevention of underage labour as well as the upholding of human and labour rights. In 2021, TAJCO Group has continued declining potential suppliers because of the company's pre-agreement compliance requirements. It is important for TAJCO Group that all human rights are respected and maintained.

Management's Review

Going forward TAJCO Group expects to continue working with the human rights and continue with audits for suppliers and potential suppliers.

Focus on anticorruption

Due to the potential risk of corruption, there is a significant focus on preventive actions such as the TAJCO Group Code of Conduct for Employees, which is applicable to all employees despite geographical differences in risk related to corruption assessed by Transparancy International Index. The purpose is to ensure that all employees are fully aware of TAJCO Group's stance on ethically correct behaviour. All employees sign the Code of Conduct upon employment. Throughout 2021, we have continuously taken necessary preventive precautions to eliminate corruption. TAJCO Group has implemented, promoted and trained employees in the TAJCO Group whistle-blower system and implemented additional controls to safeguard the wellbeing of the employees.

Going forward TAJCO Group expects to continue working with the anticorruption agenda to decrease the risk.

Focus on environment

Acknowledging that the manufacturing processes in TAJCO represent a risk for the environment, there is significant focus on reducing this risk. The international standards for Environmental Management ISO 14001:2015 and Occupational Health and Safety ISO 45001:2018 have been implemented at the manufacturing site in China. Analyses are continuously performed by the on-premise laboratory, monitoring that regulatory limits are not exceeded.

Facilities in China and Slovakia are inspected regularly by local environmental and safety authorities. During the year, there have been minor deviations, which have been corrected immediately. As a result, TAJCO Group operations are at all times compliant with local environmental requirements.

Energy and environmental considerations are integrated in all TAJCO Group projects by means of an overall evaluation and registration of the energy and environmental impact of the products in relation to the manufacturing process, generation and disposal of production waste, scrap and chromium re-plating.

As a part of an increasing sustainability focus, work is currently being undertaken to map scope 1, 2 & 3 CO_2 emissions following the Green House Gas Protocol.

Our efforts on reducing our environmental footprint have already resulted in various initiatives throughout 2021:

•Air compressor change from 132KW power-frequency to 90KW permanent magnet frequency conversion in December 2020, resulting in a reduction of in total 360.000 KWH per year.
•Replace metal halogen lights to LED lights from 2019-2021, resulting in a reduction of in total 180.000 KWH per year
•On-site compressor air leakage point improvement since 2021, about 600 points were found, equivalent to saving 30.000 KWH per year.

Going forward Tajco Group expects to continue working with the sustainability agenda, and lower the overall emission.

Statement on gender composition

Diversity among management and employees is central for the continuous development and success of TAJCO Group. TAJCO Group has a policy on gender equality that seeks to increase the number of women in key positions at all organisational levels by 2025 – matching the automotive industry standards as a minimum.

The Board of Directors of TAJCO Group A/S and TAJCO A/S has a female representation of 25%, thereby meeting the definition of equal distribution provided by the Danish Business Authorities. The TAJCO Group target is to continually have at least a 20% representation of female members on the Board of Directors.

It is a stated target for TAJCO Group to have at least 20% women in the Group Management team. By the end of 2021, women were represented with 15% in the TAJCO Group Management team.

All interested and capable candidates are encouraged to apply for positions within TAJCO Group, regardless of gender, culture or age. The company has seen a modest increase in women in managerial positions.

Data ethics

TAJCO Group has extensive procedures regarding compliance and GDPR, including process descriptions and incident reporting. Since TAJCO Group does not work with machine learning, and operates within the B2B business, we believe that data ethical risks have been sufficiently covered by GDPR processes, so no formal data ethics policy has been developed at this point of time.

Income Statement 1 January - 31 December

	Note	Group		Parent company	
		2021	2020	2021	2020
		DKK '000	DKK '000	DKK '000	DKK '000
Revenue	1	**713.786**	**684.896**	**0**	**0**
Expenses for raw materials and consumables		-408.531	-405.648	0	0
Other external expenses		-60.609	-65.050	-1.807	-2.414
Gross profit/loss		**244.646**	**214.198**	**-1.807**	**-2.414**
Staff expenses	2	-168.226	-171.971	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-23.140	-36.285	0	0
Profit/loss before financial income and expenses		**53.280**	**5.942**	**-1.807**	**-2.414**
Income from investments in subsidiaries		0	0	49.107	3.127
Financial income	3	3.952	3.149	0	0
Financial expenses	4	-3.114	-8.240	-808	-790
Profit/loss before fax		**54.118**	**851**	**46.492**	**-77**
Tax on profit/loss for the year	5	-9.051	-223	-1.425	705
Net profit/loss for the year		**45.067**	**628**	**45.067**	**628**

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000
Proposed distribution of profit				
Reserve for net revaluation under the equity method	0	0	49.107	3.127
Retained earnings	45.067	628	-4.040	-2.499
	45.067	**628**	**45.067**	**628**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2021	2020	2021	2020
		DKK '000	DKK '000	DKK '000	DKK '000
Software		4.345	5.279	0	0
Intangible assets	6	**4.345**	**5.279**	**0**	**0**
Plant and machinery		59.472	71.699	0	0
Other fixtures and fittings, tools and equipment		734	992	0	0
Leasehold improvements		5.934	4.402	0	0
Property, plant and equipment in progress		29.456	16.646	0	0
Property, plant and equipment	7	**95.596**	**93.739**	**0**	**0**
Investments in subsidiaries	8	0	0	321.951	244.778
Fixed asset investments		**0**	**0**	**321.951**	**244.778**
Fixed assets		**99.941**	**99.018**	**321.951**	**244.778**
Raw materials and consumables		26.244	20.508	0	0
Work in progress		34.105	30.350	0	0
Finished goods and goods for resale		130.542	114.234	0	0
Inventories		**190.891**	**165.092**	**0**	**0**
Trade receivables		119.363	132.459	0	0
Contract work in progress	9	27.213	30.816	0	0
Receivables from group enterprises		4.767	3.136	0	0
Other receivables		20.191	18.777	0	0
Deferred tax asset	12	0	0	603	606
Corporation tax		1.168	1.548	0	99
Prepayments	10	10.795	7.480	0	0
Receivables		**183.497**	**194.216**	**603**	**705**
Cash at bank and in hand		**185.231**	**144.247**	**84**	**0**
Currents assets		**559.619**	**503.555**	**687**	**705**
Assets		**659.560**	**602.573**	**322.638**	**245.483**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2021	Group 2020	Parent company 2021	Parent company 2020
		DKK '000	DKK '000	DKK '000	DKK '000
Share capital		1.000	1.000	1.000	1.000
Reserve for net revaluation under the equity method		0	0	264.749	187.576
Retained earnings		277.685	204.552	12.936	16.976
Equity		**278.685**	**205.552**	**278.685**	**205.552**
Provision for deferred tax	12	5.530	3.031	0	0
Other provisions	13	2.085	1.486	0	0
Provisions		**7.615**	**4.517**	**0**	**0**
Credit institutions		165.713	168.157	0	111
Trade payables		124.265	121.341	84	77
Contract work in progress, liabilities	9	449	1.524	0	0
Payables to group enterprises		42.547	60.049	42.331	38.616
Corporation tax		0	8	1.425	0
Other payables		40.286	41.425	113	1.127
Short-term debt		**373.260**	**392.504**	**43.953**	**39.931**
Debt		**373.260**	**392.504**	**43.953**	**39.931**
Liabilities and equity		**659.560**	**602.573**	**322.638**	**245.483**

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Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January	1.000	0	204.552	205.552
Exchange rate adjustments relating to foreign entities	0	0	28.066	28.066
Net profit/loss for the year	0	0	45.067	45.067
Equity at 31 December	**1.000**	**0**	**277.685**	**278.685**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK '000	DKK '000	DKK '000	DKK '000
Equity at 1 January	1.000	187.576	16.976	205.552
Exchange rate adjustments relating to foreign entities	0	28.066	0	28.066
Net profit/loss for the year	0	49.107	-4.040	45.067
Equity at 31 December	**1.000**	**264.749**	**12.936**	**278.685**

Cash Flow Statement 1 January - 31 December

	Note	Group 2021	Group 2020
		DKK '000	DKK '000
Net profit/loss for the year		45.067	628
Adjustments	14	52.020	34.282
Change in working capital	15	-10.442	33.612
Cash flows from operating activities before financial income and expenses		**86.645**	**68.522**
Financial income		3.952	3.673
Financial expenses		-3.114	-8.765
Cash flows from ordinary activities		**87.483**	**63.430**
Corporation tax paid		-6.181	-9.498
Cash flows from operating activities		**81.302**	**53.932**
Purchase of property, plant and equipment		-21.026	-14.290
Sale of property, plant and equipment		4.361	3.553
Sale of intangibles assets		0	308
Cash flows from investing activities		**-16.665**	**-10.429**
Dividend paid		-2.000	0
Cash flows from financing activities		**-2.000**	**0**
Change in cash and cash equivalents		**62.637**	**43.503**
Cash and cash equivalents at 1 January		-80.898	-124.401
Cash and cash equivalents at 31 December		**-18.261**	**-80.898**
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		185.231	144.247
Payables, net, to group enterprises		-37.779	-56.988
Overdraft facility		-165.713	-168.157
Cash and cash equivalents at 31 December		**-18.261**	**-80.898**

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000
1 Revenue				
Geographical segments				
Europe and other	485.317	462.442	0	0
America	121.575	96.638	0	0
Asia	106.894	125.816	0	0
	713.786	**684.896**	**0**	**0**
Business segments				
Trims	651.508	623.730	0	0
Tools	22.264	28.473	0	0
Scrap	40.014	32.693	0	0
	713.786	**684.896**	**0**	**0**

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000
2 Staff expenses				
Wages and salaries	142.823	149.064	0	0
Pensions	2.176	2.528	0	0
Other social security expenses	21.512	18.344	0	0
Other staff expenses	1.715	2.035	0	0
	168.226	**171.971**	**0**	**0**
Including remuneration to the Executive Board and Board of Directors of:				
Executive Board	3.670	3.573	0	0
Board of directors	1.000	1.000	0	0
	4.670	**4.573**	**0**	**0**
Average number of employees	**879**	**1.008**	**0**	**0**

Notes to the Financial Statements

		Group		Parent company	
		2021	2020	2021	2020
		DKK '000	DKK '000	DKK '000	DKK '000
3	**Financial income**				
	Interest received from group enterprises	90	3.009	0	0
	Other financial income	3.862	140	0	0
		3.952	**3.149**	**0**	**0**

		Group		Parent company	
4	**Financial expenses**				
	Interest paid to group enterprises	899	1.384	792	765
	Other financial expenses	2.215	6.856	16	25
		3.114	**8.240**	**808**	**790**

		Group		Parent company	
5	**Tax on profit/loss for the year**				
	Current tax for the year	6.703	6.673	1.425	-99
	Deferred tax for the year	1.833	-6.246	0	-606
	Adjustment of tax concerning previous years	483	-204	0	0
	Adjustment of deferred tax concerning previous years	32	0	0	0
		9.051	**223**	**1.425**	**-705**

Notes to the Financial Statements

6 Intangible assets

Group

	Software
	DKK '000
Cost at 1 January	51.904
Exchange rate adjustment	1.256
Cost at 31 December	53.160
Impairment losses and amortisation at 1 January	46.625
Exchange rate adjustment	724
Amortisation for the year	1.466
Impairment losses and amortisation at 31 December	48.815
Carrying amount at 31 December	**4.345**

Notes to the Financial Statements

7 Property, plant and equipment

Group

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Property, plant and equipment in progress
	DKK '000	DKK '000	DKK '000	DKK '000
Cost at 1 January	161.335	10.374	20.718	20.966
Exchange rate adjustment	14.272	582	1.819	1.314
Additions for the year	866	320	1.786	18.054
Disposals for the year	-13.202	-642	-880	-2.810
Transfers for the year	3.462	0	3.064	-6.527
Cost at 31 December	166.733	10.634	26.507	30.997
Impairment losses and depreciation at 1 January	89.636	9.382	16.316	4.320
Exchange rate adjustment	7.854	481	1.402	-2
Impairment losses for the year	2.090	0	41	164
Depreciation for the year	16.375	653	3.735	0
Reversal of impairment and depreciation of sold assets	-8.694	-616	-921	-2.941
Impairment losses and depreciation at 31 December	107.261	9.900	20.573	1.541
Carrying amount at 31 December	**59.472**	**734**	**5.934**	**29.456**

	Parent company	
	2021	2020
	DKK '000	DKK '000

8 Investments in subsidiaries

	2021 DKK '000	2020 DKK '000
Cost at 1 January	57.202	57.202
Cost at 31 December	57.202	57.202
Value adjustments at 1 January	187.576	192.609
Exchange rate adjustment	28.066	-8.161
Net profit/loss for the year	49.107	3.128
Value adjustments at 31 December	264.749	187.576
Carrying amount at 31 December	**321.951**	**244.778**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Tajco A/S	Vejle, Denmark	DKK 900.000	100%
Tajco Manufactoring Co. Ltd.	Ningbo, China	CNY 37.266.346	100%
Tajco Slovakia s.r.o.	Malacky, Slovakia	EUR 500.000	100%

All foreign subsidiaries are recognised and measured as separate entities.

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000
9 Contract work in progress				
Selling price of work in progress	43.971	78.749	0	0
Payments received on account	-17.207	-49.457	0	0
	26.764	**29.292**	**0**	**0**
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	27.213	30.816	0	0
Prepayments received recognised in debt	-449	-1.524	0	0
	26.764	**29.292**	**0**	**0**

10 Prepayments

Prepayments consist of prepaid expenses relating to concluded contracts, rent, licences, telecommunication and insurance premiums.

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000
11 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	49.107	3.127
Retained earnings	45.067	628	-4.040	-2.499
	45.067	**628**	**45.067**	**628**

12 Provision for deferred tax

	Group 2021 DKK '000	Group 2020 DKK '000	Parent company 2021 DKK '000	Parent company 2020 DKK '000
Provision for deferred tax at 1 January	3.031	9.391	-606	0
Amounts recognised in the income statement for the year	1.865	-6.246	0	-606
Amounts recognised in equity for the year	634	-114	3	0
Provision for deferred tax at 31 December	**5.530**	**3.031**	**-603**	**-606**
Intangible assets	29	88	0	0
Property, plant and equipment	2.863	1.773	0	0
Inventories	-851	-804	0	0
Contract work in progress	-602	-1.105	0	0
Intercompany profit on inventories	-3.994	-3.477	0	0
Other debt	-861	-608	0	0
Other provisions	-2.243	-2.338	0	0
Prepayments	953	823	0	0
Deferred dividend tax etc.	10.839	15.491	0	0
Tax loss carry-forward	-603	-6.812	-603	-606
Transferred to deferred tax asset	0	0	603	606
	5.530	**3.031**	**0**	**0**

Deferred tax has been provided at 22% corresponding to the current tax rate.

Deferred tax asset

	Group 2021	Group 2020	Parent company 2021	Parent company 2020
Calculated tax asset	0	0	603	606
Carrying amount	**0**	**0**	**603**	**606**

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000

13 Other provisions

Other provisions includes expected losses on contracts.

	Group 2021 DKK '000	Group 2020 DKK '000	Parent company 2021 DKK '000	Parent company 2020 DKK '000
Other provisions	2.085	1.486	0	0
	2.085	**1.486**	**0**	**0**
The provisions are expected to mature as follows:				
Within 1 year	2.085	1.486	0	0
	2.085	**1.486**	**0**	**0**

14 Cash flow statement - adjustments

	Group 2021 DKK '000	Group 2020 DKK '000
Financial income	-3.952	-3.149
Financial expenses	3.114	8.240
Depreciation, amortisation and impairment losses	23.140	36.286
Tax on profit/loss for the year	9.051	223
Exchange rate adjustment, etc.	20.667	-7.318
	52.020	**34.282**

15 Cash flow statement - change in working capital

	Group 2021 DKK '000	Group 2020 DKK '000
Change in inventories	-25.799	1.218
Change in receivables, contract work in progress	10.895	38.710
Change in other provisions	600	-1.145
Change in other payables and trade payables etc	3.862	-5.171
	-10.442	**33.612**

Notes to the Financial Statements

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000

16 Contingent assets, liabilities and other financial obligations

Charges and security

The Group and parent company have guaranteed the bank debt of group enterprises. Bank debt in affiliated companies at 31 December 2021 amounts to TDKK 117.611

The Group has guaranteed TDKK 2.714 regarding its engagement with trading partners.

Rental and lease obligations

	Group 2021 DKK '000	Group 2020 DKK '000	Parent company 2021 DKK '000	Parent company 2020 DKK '000
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	1.340	1.512	0	0
Between 1 and 5 years	1.017	1.880	0	0
	2.357	**3.392**	**0**	**0**
Rental obligations, period of non-terminability	26.950	22.912	0	0

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the Group's jointly taxed income. The total amount is shown in the Annual Report of Casifa ApS, which acts as the management company of the joint taxation.

Notes to the Financial Statements

17 Related parties

	Basis
Controlling interest	
Casifa ApS	Majority shareholder

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Casifa ApS	Silkeborg

	Group		Parent company	
	2021	2020	2021	2020
	DKK '000	DKK '000	DKK '000	DKK '000
18 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers				
Audit fee	542	537	195	0
Other assurance engagements	0	101	0	0
Tax advisory services	277	161	0	0
Other services	212	221	2	0
	1.031	**1.020**	**197**	**0**
Other auditors				
Audit fee	167	92	0	0
	167	**92**	**0**	**0**
	1.198	**1.112**	**197**	**0**

Notes to the Financial Statements

19 Accounting Policies

The Annual Report of Tajco Group A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in DKK '000.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation and provisions.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Tajco Group A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

19 Accounting Policies (continued)

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Notes to the Financial Statements

19 Accounting Policies (continued)

Income Statement

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (customer tools) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with the parent company and the parent company's Danish subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

Balance Sheet

Intangible assets

Software are measured at cost less accumulated amortisation. Software are depreciated over the expected lifetime, which is 3 years.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Plant and machinery	10	years
Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	5	years

The fixed assets’ residual values are determined at nil.

Notes to the Financial Statements

19 Accounting Policies (continued)

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item“Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Inventories

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

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

Notes to the Financial Statements

19 Accounting Policies (continued)

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning contracts, rent, licences, telecommunication and insurance premiums etc.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Notes to the Financial Statements

19 Accounting Policies (continued)

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Group has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Notes to the Financial Statements

19 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”, ”Payables, net, to Group enterprises” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

19 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Gross margin	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$