Deloitte.

Epoke Investment II A/S

Jægersborg Alle 4, 5.
2920 Charlottenlund
CVR No. 33964730

Annual report 01.03.2020 - 28.02.2021

The Annual General Meeting adopted the annual report on 29.04.2021

Anders Møberg Eriksen
Chairman of the General Meeting

Contents

Entity details

Entity

Epoke Investment II A/S

Jægersborg Alle 4, 5.

2920 Charlottenlund

Business Registration No.: 33964730

Registered office: Gentofte

Financial year: 01.03.2020 - 28.02.2021

Board of Directors

Søren Klarskov Vilby, Chairman

Kristian la Cour

Thomas Marstrand

Executive Board

Thomas Marstrand, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Epoke Investment II A/S for the financial year 01.03.2020 - 28.02.2021

The annual report is presented 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 28.02.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.03.2020 - 28.02.2021.

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.

Charlottenlund, 29.04.2021

Executive Board

Thomas Marstrand
CEO

Board of Directors

Søren Klarskov Vilby Chairman	**Kristian la Cour**	**Thomas Marstrand**

Independent auditor's report

To the shareholders of Epoke Investment II A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Epoke Investment II A/S for the financial year 01.03.2020 - 28.02.2021, 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 28.02.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.03.2020 - 28.02.2021 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 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 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 consolidated financial statements and the parent 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 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 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 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 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 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 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 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 and 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.

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.

Esbjerg, 29.04.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen
State Authorised Public Accountant
Identification No (MNE) mne24824

Lasse Lynggaard Wolff
State Authorised Public Accountant
Identification No (MNE) mne35802

Management commentary

Financial highlights

	2020/21 DKK'000	2019/20 DKK'000	2018/19 DKK'000	2017/18 DKK'000	2016/17 DKK'000
Key figures					
Revenue	228,818	226,399	259,294	244,102	218,096
Gross profit/loss	89,495	96,825	99,109	85,239	75,787
Operating profit/loss	10,895	11,483	11,846	229	(7,048)
Net financials	(1,521)	(1,451)	(2,170)	(2,935)	(3,579)
Profit/loss for the year	6,654	5,494	6,930	(3,924)	(9,637)
Balance sheet total	186,128	173,105	176,509	194,134	195,326
Investments in property, plant and equipment	1,409	2,134	2,834	3,646	5,450
Equity	126,957	121,065	115,437	107,165	109,918
Average invested capital incl. goodwill	162,598	156,573	163,085	176,409	184,862
Ratios					
Gross margin (%)	39.11	42.77	38.22	34.92	34.75
Net margin (%)	2.91	2.43	2.67	(1.61)	(4.42)
Return on invested capital incl. goodwill (%)	7.65	9.53	9.40	3.52	(0.68)
Return on equity (%)	5.37	4.65	6.23	(3.62)	(8.4)
Equity ratio (%)	68.21	69.94	65.40	55.20	56.27

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

Gross margin (%):
Gross profit/loss * 100
Revenue

Net margin (%):
Profit/loss for the year * 100
Revenue

Return on invested capital incl. goodwill (%):
EBITA * 100
Average invested capital incl goodwill

Return on equity (%):
Profit/loss for the year * 100
Average equity

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities

The Group's primary activities are to develop, manufacture, market and sell Epoke, Brodd and Snowline machinery.

The Group's products are sold through own companies in Denmark, Germany and Poland. Sales and marketing in other markets are based on partnerships with dealers and the subsidiaries based in the respective countries.

Focusing on the customer and in co-operation with dealers, Epoke Group markets Epoke winter road maintenance products together with Snowline snow removal equipment and Brodd sweepers. Epoke Group aims to become the industry's best-known brand and to be a market leader in selected segments.

Epoke Group develops and manufactures state-of-the-art salt and liquid spreaders together with Snowline snow removal equipment and Brodd sweepers that meet the customers' requirements in terms of service, quality and economic life costs.

Development in activities and finances

Revenue realised by Epoke Group comes to DKK 229m against DKK 226m last year, the main share of which is attributable to exports.

Profit for the year before net financials is DKK 10,895k against a profit of DKK 11,483k for last year. Profit for the year after tax is DKK 6,654k against a profit of DKK 5,494k last year.

Epoke Group is a firmly based enterprise with a solvency ratio of 68,2% at 28 February 2021.

Profit/loss for the year in relation to expected developments

Management considers profit for the year satisfactory.

Outlook

Management expects an improved financial performance for the next financial year.

Use of financial instruments

Epoke Group's receivables and loans are primarily denominated in DKK. Epoke Group does not apply financial instruments for the purpose of speculating.

Excess liquidity is deposited in money market accounts or the like. Therefore, Epoke Group is exposed to no material financial risks.

Epoke Group follows a board-approved fiscal policy that operates with a low risk profile so that exchange rates, interest rates and credit risks only occurs on the basis of commercial conditions. Epoke Group has an interest rate swap in order to hedge the interest risk involved in bank loans until maturity.

Epoke Group is among other things using steel as raw material in its products, thus Epoke Group is exposed to the development in steel prices.

Knowledge resources

Epoke Group aims to be an attractive workplace with motivated and committed staff. To ensure continued motivation and strong commitment on the part of staff, work at Epoke Group is performed on the basis of corporate values enabling the individual staff member to make his or her own decisions. The management philosophy is freedom with responsibility.

Epoke Group has formulated a senior policy and is locally known for its efforts to retain senior staff as well as other social initiatives.

Environmental performance

Epoke A/S holds a clean environmental approval dated 1 August 2000, and the 2019 inspection confirmed the approval.

Epoke A/S is compliant with applicable environmental law etc. and has not received any complaints or claims relating to non-compliance with environmental rules on the part of its foreign subsidiaries.

Epoke A/S aimes at receiving ISO 14001 certificate in the coming year.

Research and development activities

The Group is among the absolute market leaders when it comes to spreaders for winter road clearance. The Group has won this position through persistent and targeted development efforts as regards spreaders and related electronic products.

The Group protects its development projects by taking out patents, if appropriate. The Group intends to sustain its position by continuously adding the resources required and staying focused on road clearance.

The product portfolio is characterized by high performance, low service costs, high quality of products and in particular innovative solutions.

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.

Consolidated income statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Revenue		228,818	226,399
Changes in inventories of finished goods and work in progress		(8,181)	9,951
Other operating income	2	2,244	12,412
Cost of sales		(115,690)	(132,375)
Other external expenses		(17,696)	(19,562)
Gross profit/loss		**89,495**	**96,825**
Staff costs	3	(72,881)	(77,260)
Depreciation, amortisation and impairment losses		(5,719)	(8,082)
Operating profit/loss		**10,895**	**11,483**
Other financial income		614	318
Other financial expenses		(2,135)	(1,769)
Profit/loss before tax		**9,374**	**10,032**
Tax on profit/loss for the year	4	(2,720)	(4,538)
Profit/loss for the year	5	**6,654**	**5,494**

Consolidated balance sheet at 28.02.2021

Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Completed development projects		0	0
Goodwill		3,676	5,223
Intangible assets	6	**3,676**	**5,223**
Land and buildings		17,746	19,778
Plant and machinery		5,221	7,227
Other fixtures and fittings, tools and equipment		2,639	2,162
Leasehold improvements		0	0
Property, plant and equipment in progress		0	23
Property, plant and equipment	7	**25,606**	**29,190**
Deposits		61	61
Financial assets	8	**61**	**61**
Fixed assets		**29,343**	**34,474**

Raw materials and consumables		25,448	28,126
Work in progress		11,774	11,427
Manufactured goods and goods for resale		35,607	49,401
Inventories		**72,829**	**88,954**
Trade receivables		33,026	24,046
Deferred tax	9	877	921
Other receivables	10	41,399	13,558
Prepayments	11	1,097	1,883
Receivables		**76,399**	**40,408**
Other investments		4	2
Investments		**4**	**2**
Cash		**7,553**	**9,267**
Current assets		**156,785**	**138,631**
Assets		**186,128**	**173,105**

Equity and liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital	12, 13	3,250	3,250
Translation reserve		(813)	0
Reserve for fair value adjustments of hedging instruments		51	0
Retained earnings		124,469	117,815
Equity		**126,957**	**121,065**
Other provisions	14	2,931	3,262
Provisions		**2,931**	**3,262**
Debt to other credit institutions		6,624	7,575
Other payables		6,305	3,277
Non-current liabilities other than provisions	15	**12,929**	**10,852**
Current portion of non-current liabilities other than provisions	15	959	1,613
Bank loans		20	662
Prepayments received from customers		3,078	8,543
Trade payables		12,894	9,892
Tax payable		3,732	4,193
Other payables	16	22,628	13,023
Current liabilities other than provisions		**43,311**	**37,926**
Liabilities other than provisions		**56,240**	**48,778**
Equity and liabilities		**186,128**	**173,105**

Events after the balance sheet date	1
Financial instruments	18
Unrecognised rental and lease commitments	19
Assets charged and collateral	20
Subsidiaries	21

Consolidated statement of changes in equity for 2020/21

	Contributed capital DKK'000	Translation reserve DKK'000	Reserve for fair value adjustments of hedging instruments DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,250	0	0	117,815	121,065
Exchange rate adjustments	0	(813)	0	0	(813)
Fair value adjustments of hedging instruments	0	0	66	0	66
Tax of entries on equity	0	0	(15)	0	(15)
Profit/loss for the year	0	0	0	6,654	6,654
Equity end of year	**3,250**	**(813)**	**51**	**124,469**	**126,957**

Consolidated cash flow statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Operating profit/loss		10,895	11,483
Amortisation, depreciation and impairment losses		5,719	8,082
Other provisions		(331)	(328)
Working capital changes	17	(9,851)	(2,831)
Gains and losses from the sale of assets under Other operating income		0	(11,306)
Cash flow from ordinary operating activities		**6,432**	**5,100**
Financial income received		614	318
Financial expenses paid		(2,135)	(1,769)
Taxes refunded/(paid)		(3,152)	1,913
Cash flows from operating activities		**1,759**	**5,562**
Acquisition etc. of property, plant and equipment		(1,409)	(2,101)
Sale of property, plant and equipment		183	12,569
Cash flows from investing activities		**(1,226)**	**10,468**
Free cash flows generated from operations and investments before financing		**533**	**16,030**
Repayments of loans etc.		(1,605)	(3,862)
Cash flows from financing activities		**(1,605)**	**(3,862)**
Increase/decrease in cash and cash equivalents		**(1,072)**	**12,168**
Cash and cash equivalents beginning of year		8,605	(3,563)
Cash and cash equivalents end of year		**7,533**	**8,605**
Cash and cash equivalents at year-end are composed of:			
Cash		7,553	9,267
Short-term bank loans		(20)	(662)
Cash and cash equivalents end of year		**7,533**	**8,605**

Notes to consolidated financial statements

1 Events after the balance sheet date

No events have occures after the balance sheet date to this date, which would influence the evaluation of this annual report.

2 Other operating income

Other operating income includes compensation from pay support schemes established as a result of the outbreak and spread of COVID-19 in 2020, with DKK 1,193k in compensation for staff costs.

3 Staff costs

	2020/21 DKK'000	2019/20 DKK'000
Wages and salaries	66,897	71,003
Pension costs	4,493	4,620
Other social security costs	1,491	1,637
	72,881	**77,260**

Average number of full-time employees	**181**	**187**

	Remuneration of manage-ment 2020/21 DKK'000	Remuneration of manage-ment 2019/20 DKK'000
Board of Directors	320	320
	320	**320**

4 Tax on profit/loss for the year

	2020/21 DKK'000	2019/20 DKK'000
Current tax	2,684	4,188
Change in deferred tax	44	350
Adjustment concerning previous years	(8)	0
	2,720	**4,538**

5 Proposed distribution of profit/loss

	2020/21 DKK'000	2019/20 DKK'000
Retained earnings	6,654	5,494
	6,654	**5,494**

6 Intangible assets

	Completed development projects DKK'000	Goodwill DKK'000
Cost beginning of year	759	33,597
Cost end of year	**759**	**33,597**
Amortisation and impairment losses beginning of year	(759)	(28,374)
Amortisation for the year	0	(1,547)
Amortisation and impairment losses end of year	**(759)**	**(29,921)**
Carrying amount end of year	**0**	**3,676**

7 Property, plant and equipment

	Land and buildings DKK'000	Plant and machinery DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	49,863	42,504	14,905	83	23
Exchange rate adjustments	(674)	(101)	(51)	0	(1)
Transfers	0	22	0	0	(22)
Additions	0	0	1,409	0	0
Disposals	(209)	0	(796)	0	0
Cost end of year	**48,980**	**42,425**	**15,467**	**83**	**0**
Depreciation and impairment losses beginning of year	(30,085)	(35,277)	(12,743)	(83)	0
Exchange rate adjustments	84	59	45	0	0
Depreciation for the year	(1,442)	(1,986)	(847)	0	0
Reversal regarding disposals	209	0	717	0	0
Depreciation and impairment losses end of year	**(31,234)**	**(37,204)**	**(12,828)**	**(83)**	**0**
Carrying amount end of year	**17,746**	**5,221**	**2,639**	**0**	**0**

8 Financial assets

	Deposits DKK'000
Cost beginning of year	61
Cost end of year	**61**
Carrying amount end of year	**61**

9 Deferred tax

	2020/21 DKK'000	2019/20 DKK'000
Intangible assets	(160)	(136)
Property, plant and equipment	936	1,039
Inventories	(123)	(178)
Receivables	(134)	(151)
Provisions	358	347
Deferred tax	**877**	**921**

Changes during the year	2020/21 DKK'000
Beginning of year	921
Recognised in the income statement	(44)
End of year	**877**

Deferred tax assets mainly relate to accelerated depreciation on property, plant and equipment. Based on the Company's historical results and the expected performance in the next few years, it is assessed that the deferred tax assets may be utilised within three to five years.

10 Other receivables

Other receivables include a receivable of DKK 41,131k at the Danish Tax Authorities, which the company can claim for payment within 5 days.

11 Prepayments

Prepayments comprise incurred costs relating to subsequent financial years.

12 Contributed capital

	Number	Par value DKK'000	Nominal value DKK'000
Ordinary shares	325,000,000	0.00001	3,250
	325,000,000		**3,250**

13 Treasury shares

	Number	Nominal value DKK'000	Share of contributed capital %
Ordinary shares	8,811,795	88	2.70
Holding of treasury shares	**8,811,795**	**88**	**2.70**

Treasury shares were acquired as part of purchasing shares from employees that have resigned from the Group.

14 Other provisions

Other provisions comprise service and warranty commitments.

15 Non-current liabilities other than provisions

	Due within 12 months 2020/21 DKK'000	Due within 12 months 2019/20 DKK'000	Due after more than 12 months 2020/21 DKK'000	Outstanding after 5 years 2020/21 DKK'000
Debt to other credit institutions	959	962	6,624	2,847
Other payables	0	651	6,305	5,800
	959	**1,613**	**12,929**	**8,647**

16 Other payables

	2020/21 DKK'000	2019/20 DKK'000
VAT and duties	610	0
Wages and salaries, personal income taxes, social security costs, etc. payable	6,653	3,696
Holiday pay obligation	5,046	6,855
Other costs payable	10,319	2,472
	22,628	**13,023**

17 Changes in working capital

	2020/21 DKK'000	2019/20 DKK'000
Increase/decrease in inventories	16,125	(3,242)
Increase/decrease in receivables	(36,037)	2,575
Increase/decrease in trade payables etc.	10,235	(2,257)
Other changes	(174)	93
	(9,851)	**(2,831)**

18 Derivative financial instruments

Interest rate swap has been entered into in order to hedge the interest risk involved in bank loans until maturity. The fair value of the interest rate swap amounts to DKK 94k at 28.02.2021 and has been recognised as other payable. The interest rate swap guarantees a fixed interest rate of 4.08% on the loan concerned.

	2020/21 DKK'000	2019/20 DKK'000
2024, nominal amount	1,132	1,430
Total	**1,132**	**1,430**

19 Unrecognised rental and lease commitments

	2020/21 DKK'000	2019/20 DKK'000
Total liabilities under rental or lease agreements until maturity	**1,407**	**2,335**

20 Assets charged and collateral

Debt to other credit institutions, DKK 7,583k are secured on real property. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties is DKK 5,754k and the carrying amount of mortgaged plant is DKK 4,690k.

As collateral for bank loans, DKK 20k, the company has issued a floating company charge at nominal value DKK 30,000k including inventories, trade receivables, intangible assets and other fixtures and fittings, tools and equipment, which amounts to DKK 89,743k.

21 Subsidiaries

	Registered in	Corporate form	Ownership %
Epoke A/S	Vejen	A/S	100
Alfred Thomsen GmbH	Eichenzell, Germany	GmbH	100
Epoke Maschinenbau GmbH	Eichenzell, Germany	GmbH	100
Epoke Sp. zoo.	Warzawa, Poland	Sp. z.o.o.	100
Ejendomsselskabet Skibelund ApS	Gentofte	ApS	100
Brodd Sweden AB	Sweden	AB	100
Brodd Polonia Sp. zoo.	Poland	Sp. z.o.o.	100

Parent income statement for 2020/21

	Notes	2020/21 DKK'000	2019/20 DKK'000
Other external expenses		(53)	(122)
Gross profit/loss		**(53)**	**(122)**
Income from investments in group enterprises		6,268	5,237
Other financial income	2	547	456
Other financial expenses		(9)	(6)
Profit/loss before tax		**6,753**	**5,565**
Tax on profit/loss for the year	3	(99)	(71)
Profit/loss for the year	4	**6,654**	**5,494**

Parent balance sheet at 28.02.2021

Assets

	Notes	2020/21 DKK'000	2019/20 DKK'000
Investments in group enterprises		110,824	105,318
Financial assets	5	**110,824**	**105,318**
Fixed assets		**110,824**	**105,318**
Receivables from group enterprises		15,052	16,063
Joint taxation contribution receivable		2,253	956
Receivables		**17,305**	**17,019**
Cash		**1**	**2**
Current assets		**17,306**	**17,021**
Assets		**128,130**	**122,339**

Equity and liabilities

	Notes	2020/21 DKK'000	2019/20 DKK'000
Contributed capital	6	3,250	3,250
Reserve for net revaluation according to the equity method		9,850	4,344
Retained earnings		113,857	113,471
Equity		**126,957**	**121,065**
Payables to group enterprises		228	206
Tax payable		905	1,013
Joint taxation contribution payable		0	15
Other payables		40	40
Current liabilities other than provisions		**1,173**	**1,274**
Liabilities other than provisions		**1,173**	**1,274**
Equity and liabilities		**128,130**	**122,339**
Events after the balance sheet date	1		
Working conditions	7		
Contingent liabilities	8		
Assets charged and collateral	9		
Related parties with controlling interest	10		
Transactions with related parties	11		

Parent statement of changes in equity for 2020/21

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	3,250	4,344	113,471	121,065
Other entries on equity	0	(762)	0	(762)
Transfer to reserves	0	6,268	(6,268)	0
Profit/loss for the year	0	0	6,654	6,654
Equity end of year	**3,250**	**9,850**	**113,857**	**126,957**

Notes to parent financial statements

1 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.

2 Other financial income

	2020/21 DKK'000	2019/20 DKK'000
Financial income from group enterprises	547	456
	547	**456**

3 Tax on profit/loss for the year

	2020/21 DKK'000	2019/20 DKK'000
Current tax	107	72
Adjustment concerning previous years	(8)	(1)
	99	**71**

4 Proposed distribution of profit and loss

	2020/21 DKK'000	2019/20 DKK'000
Retained earnings	6,654	5,494
	6,654	**5,494**

5 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	100,974
Cost end of year	**100,974**
Revaluations beginning of year	4,344
Adjustments on equity	(762)
Amortisation of goodwill	(751)
Share of profit/loss for the year	7,019
Revaluations end of year	**9,850**
Carrying amount end of year	**110,824**

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

6 Treasury shares

	Number	Nominal value DKK'000	Share of contributed capital %
Ordinary Shares	8,811,795	88	2.70
Holding of treasury shares	**8,811,795**	**88**	**2.70**

Treasury shares were acquired as part of purchasing shares from employees that have resigned from the Group.

7 Working conditions

The parent company has no employees other than the Executive Board.

8 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. 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 also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

9 Assets charged and collateral

Collateral provided for group enterprises

The Entity has guaranteed the bank debt of a group enterprise. The guarantee is unlimited. The Entity has also pledged the shares of a group entreprise for security for the bank debt. The value of the pledged shares amounts to 110,103k. Bank loans of group enterprise amount to DKK 0k.

10 Related parties with controlling interest

Erhvervsinvest II K/S, Charlottenlund, Denmark, holds the majority of shares in the Company and thus exercises control over it.

11 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

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

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

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

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. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in equity.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value, which has been calculated as the discounted value of expected future net cash flows by using an approximate risk-free interest rate adjusted for any factors that a potential market participant would attribute value to when acquiring the instrument. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in reserve for fair value adjustments of hedging instruments in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

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 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.

Changes in inventories of finished goods and work in progress
Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories. Changes in inventories of raw materials are included in costs of raw materials and consumables.

Other operating income
Other operating income comprises income of a secondary nature as viewed in relation to the Entity’s primary activities, including rental income and gains and losses from the sale of assets.

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 wages and salaries, 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.

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 intra-group profits or losses.

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, 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 Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area.

Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used is 10 years.

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

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed with related intellectual property rights.

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

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

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

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

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-constructed assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

Indirect production costs in the form of indirectly attributable staff costs and amortisation of intangible assets and depreciation on property, plant and equipment used in the manufacturing process are recognised in cost based on time spent on each asset.

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	7-33 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	7 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.

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share 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. Useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation period used is 10 years.

Investments in group enterprises 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. 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 and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and 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.

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.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

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

Other investments (current assets)
Other current asset investments comprise listed securities measured at fair value (market price) at the balance sheet date, and unlisted investments measured at the lower of cost and net realisable value.

Cash
Cash comprises cash in hand and bank deposits.

Treasury shares
Acquisition and selling prices and dividends of treasury shares are classified directly as equity under retained earnings. Gains and losses from sale are not recognised in the income statement.

Other provisions
Other provisions comprise anticipated costs of guarantee commitments 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.

Guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

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.

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.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, 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.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.