

PF Group A/S
Sverigesvej 2, 7480 Vildbjerg

Company reg. no. 35 24 21 47

Annual report
1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 25 March 2020.

Hans Lohmann
Chairman of the meeting

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Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of PF Group A/S for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

The annual report is recommended for approval by the general meeting.

Vildbjerg, 19 March 2020

Managing Director

John Nielsen

Board of directors

Hans Lohmann
Chairman

Niels Garde Toft

Jesper Kirkeby Hansen

Martin Krogh Pedersen

Independent auditor's report

To the shareholders of PF Group A/S

Opinion

We have audited the consolidated annual accounts and the annual accounts of PF Group A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Independent auditor's report

Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts

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

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the 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 company's internal control.
- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of the management's preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 consolidated annual accounts and the annual accounts 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 company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Herning, 19 March 2020

Partner Revision

State Authorised Public Accountants
Company reg. no. 15 80 77 76

Peter Vinderslev

State Authorised Public Accountant
mne32848

Company data

The company	PF Group A/S Sverigesvej 2 7480 Vildbjerg Company reg. no. 35 24 21 47 Domicile: Herning Financial year: 1 January 2019 - 31 December 2019 7th financial year
Board of directors	Hans Lohmann, Chairman Niels Garde Toft Jesper Kirkeby Hansen Martin Krogh Pedersen
Managing Director	John Nielsen
Auditors	Partner Revision statsautoriseret revisionsaktieselskab Industrivej Nord 15 7400 Herning
Bankers	Nordea Bank Danmark A/S, Østergade 4 - 6, 7400 Herning
Parent company	Maj Invest Equity 4 K/S, Copenhagen, Denmark
Subsidiaries	A/S Maskinfabrikken PcP, Herning, Denmark PF Værktøj Herning ApS, Herning, Denmark Nordjysk Dønggalvanisering A/S, Rebild, Denmark ElefantRiste A/S, Vildbjerg, Denmark Elefant Gratings Ltd., Wolverhampton, England PcP. Norge AS, Stavanger, Norway PcP. Gratings Ltd., Wolverhampton, England PcP. Sicherheitsroste GmbH, Breckerfeld, Germany PcP. Nederland B.V., Oudenbosch, Netherlands PcP. Belgium S.A., Sprimont, Belgium PcP. Durk Sverige AB, Göteborg, Sweden Guardrail Engineering Ltd., Wolverhampton, England

Consolidated financial highlights

DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Profit and loss account:					
Net turnover	366.919	361.990	401.885	370.679	320.339
Gross profit	175.896	171.858	188.492	181.673	154.641
Results from operating activities	26.396	29.388	44.454	45.606	32.568
Net financials	-2.505	-3.968	-5.233	-3.535	-3.468
Results for the year	17.323	17.931	27.841	32.246	20.861
Balance sheet:					
Balance sheet sum	308.660	295.492	319.162	333.786	325.572
Investments in tangible fixed assets represent	16.180	6.386	9.207	7.499	10.760
Equity	170.665	152.085	137.069	105.376	185.575
Cash flow:					
Operating activities	26.305	34.022	50.658	53.212	38.863
Investment activities	-11.442	-5.986	-8.573	-7.499	-10.760
Financing activities	-18.233	-36.580	-35.293	-42.518	-27.186
Cash flow in total	-3.370	-8.544	6.793	3.195	917
Employees:					
Average number of full time employees	287	291	297	281	258
Key figures in %:					
Gross margin	47,9	47,5	46,9	49,0	48,3
Profit margin	7,2	8,1	11,1	12,3	10,2
Solvency ratio	55,3	51,5	42,9	31,6	57,0
Return on equity	10,7	12,4	23,0	22,2	11,9

The calculation of key figures and ratios follow the Danish Association of Finance Analysts' recommendations.

Management's review

The principal activities of the group

The principal activity of the parent enterprise is the ownership, management and administration of subsidiaries.

The principal activity of PF Group is the manufacturing, marketing and sales of materials and products to a wide range of industries.

The products are sold worldwide, and the major part of the turnover is exported from Denmark.

Development in activities and financial matters

2019 was a year of several successes, but certainly also challenges for PF Group. Although financial results were healthy, own expectations were not met. External market and political factors as well as internal matters posed challenges that demanded special attention and more resources than expected.

In 2019, PF Group experienced a turnover in same level as in 2018 ending up with a total turnover of MDKK 367 and achieving a result before tax of MDKK 24 compared to a result before tax of MDKK 25 in 2018. From year-end 2018 to year-end 2019, the balance sheet total went from MDKK 296 to MDKK 309.

Considering the challenges, the executive board and the board of directors consider the results for the year 2019 acceptable but not satisfying.

The future

The future for PF Group is expected to show an increase in activities and a higher result before tax as initiatives from 2018 and 2019 together with new opportunities will support the positive growth expectations.

Management's review

Materiel business risks

PF Group continuously strives to be competitive on prices in the markets in which it operates. Still, there are and will continue to be pressure on sales prices, which requires measures comprising continuous automation and efficiency improvements.

The application of raw materials like steel, aluminum etc. poses a particular risk, since fluctuation in purchasing prices of raw material does not always follow trends in the market prices of the finished goods.

The management is aware of the challenge and is working continuously to minimize the risk.

The group's credit risk on trade receivables is minimized by means of credit insurance, where it is considered prudent. The group also cooperates with collection agencies, so that the actual losses on bad debts are kept to a minimum. It is not, however, the group's general policy to hedge commercial foreign exchange risks.

Financial risk

The board continuously assesses whether the capital structure of PF Group is consistent with company interests and with the interests of company stakeholders. The main objective is to ensure a capital structure supporting the objective of long-term profitable growth.

On 31 December 2019, the net interest-bearing debts of PF Group amounted to MDKK 60 and the solvency ratio was 55 %.

As the interest-bearing debt represents a significant amount, any major changes in interest rates will have a direct effect on the consolidated earnings. In 2019, no amendments have been made to the guidelines or procedures regarding the management and administration of this aspect, and in order to minimize the interest risk, a part of the debts of PF Group have been incurred at fixed interest rates.

Management's review

Business model

As in previous years, the PF Group's business model is manufacturing, marketing and sales of materials and products to a wide range of industries.

Statement of corporate social responsibility

This section is PF Group's statement in accordance with §99a of the Danish Financial Statements Act. PF Group uses a large number of suppliers and partners, who can pose a risk, if they do not share PF Group's attitudes and values in the area of human rights. PF Group has in 2015 implemented an overall policy for corporate social responsibility, including human rights, climate and environment. The Board reviewed the signed "Business Principles & Corporate Social Responsibility" in 2018. The policy is based on the ten principles of corporate social responsibility in the UN Global Compact: The Universal Declaration of Human Rights (principles 1-2), The International Labor Organization's Declaration on Fundamental Principles and Rights at Work (principles 3-6), The Rio Declaration on Environment and Development (principles 7-9) and The United Nations Convention Against Corruption (principle 10). PF Group does not make a dedicated COP-report (Communication on Progress), but it has always been good practice and part of the values of PF Group to manage for long-term sustainability and to uphold responsible business ethics.

Human rights and Fundamental Principles and Rights at Work (UN Global Compact principles 1-6)

PF Group wish to develop its core business and to handle its strategic challenges in a financially and socially responsible manner. PF Group has activities in countries characterized by high levels of regulation and explicit legislation in relation to human rights, but still attracting and retaining skilled employees can pose a risk to PF Group, if we do not continue to focus on social and employee relationships

A part of the human attitude of PF Group is equal opportunities for all employees irrespective of gender or ethnicity. PF Group hire, remunerate and promote employees on a basis of skills, competences and performance - not according to gender (over- or under-represented), religion nor race. PF Group perform its business in a transparent and nondiscrimination manner - neither positive nor negative discriminating, and PF Group uphold the freedom of association and the effective recognition of the right to collective bargaining.

The efforts in 2019 have therefore consisted in continuing to focus on that fact that suppliers and partners share PF Group's attitudes and values in relations to human rights, witch means that in 2019 we are not aware of exceedances of either local legislation or of exceedance of PF Group's policy for human rights. Key functions of PF Group (purchasing and sales) continue to receive training and instruction, to ensure that the values and policies of the Group are know by the staff, and to ensure that we stay compliance with the rules

Management's review

PF Group continuously develops employees' competence and flexibility and provides safe and healthy working conditions in the same way as PF Group has entered into a cooperation with local authorities and language schools about activation of refugees and training of foreign workers. PF Group carries out voluntary activities and social actions to achieve its strategic goals. The working environment in general and social responsibilities against individuals in the factories and in the administration are on ongoing basis evaluated, and corrective actions are regularly implemented. PF Group continued its focus on the working environment in 2019 with a view to preventing occupational injuries through training the employees and following up on accidents as well as registered accidents. The results of the registrations show an accident rate in 2018 of 2,4 and 0,2 in 2019. The standard for the industry showed in 2018 2,3 (DI, Manufacturing Industry, all). PF Group complies with legislation in the countries and local societies in which it is operating. Initiatives related to external parties such as suppliers and sub-contractors are to be evaluated.

Environmental issues (UN Global Compact principle 7-9):

PF Group is environmentally conscious and is engaged in targeted and systematic efforts to continuously protecting the environment through energy and material optimization, pollution prevention, waste minimization and environmental management. The goal is continually to reduce environmental impacts caused by the business operation. The ambition is to implement same or similar politics and principles in all PF Group entities, and will promptly develop and implement plans and programs to correct any non-compliant practices.

In 2019, PF Group has invested in further automatization in the factories among others to reduce energy consumption, implemented significant initiatives within optimization of material consumption and focused on developments within the CO2 neutral aluminum range. Recycling initiatives and new waste handling processes have been implemented.

All PF Group companies are environmentally approved if necessary in accordance with local requirements. PF Group is not involved in any pending environmental cases.

Corruption (UN Global Compact principle 10):

PF Group works against corruption in all its forms, including extortion and bribery. PF Group conducts its business with high ethical standards, honesty and respect for others, and complies with the laws and regulations in the countries PF Group operates.

PF Group has described policies on corruption and bribery. There are specific rules about gifts, whether it is to receive or give. There is ongoing follow-up on these rules. All travel expenses and other expenses that are not related to the direct business operation must be approved by the local Country Managers. All gifts above DKK 500 must be approved by the local Country Managers too. We are not aware of any corruption or bribery events by PF Group during 2019.

Once per year CSR and the signed "Business Principles & Corporate Social Responsibility" is subject on the agenda for a board meeting. Actions and decisions made by the Board are noted and followed up via the summary of the board meeting.

Management's review

Stakeholders and communication

PF Group continuously seeks to develop and maintain good relationships with relevant stakeholders as such relationships are considered to be of great value to the group in terms of positive development.

PF Group has drawn up a communications policy and additional policies on various key areas such as staff, environment and responsibility towards customers and society as a whole. The policies and related procedures are to ensure that information of importance for e.g. investors, employees and authorities is forwarded to same and published in accordance with current rules and agreements. Part of the responsibility of the board of directors is to ensure both compliance and current adaptation of the guidelines in accordance with the development within the group as well as in its environment.

Staff matters and know-how

During the year, the group has an increase in number of competent and experienced employees, which has strengthened the group's base in terms of commercial power, technical competence and managerial insight, while restructuring in minor legal entities has resulted in a reduction in the number of employees.

Development in the total workforce:

	Denmark	Abroad
Staff beginning 2019	165	126
Recruitments net during the year	2	0
Staff year-end 2019	167	126

On average, PF Group has employed 287 people during 2019. In 2018 the figure showed 291.

The engineering and production activity of PF Group requires special skills and knowledge of the techniques in this particular field of business. The objective of the group is to always be up to speed with the latest developments within this field of expertise as well as to ensure rapid adaptability.

In order to continue to maintain the high level of knowledge it is crucial that PF Group can continuously recruit and retain staff with the necessary professional skills in production and in administration.

Management's review

Corporate governance

The board of directors and the executive board consistently seek to ensure that the company's management structure and control systems are appropriate and that they function satisfactorily. On an ongoing basis, the management also develops and maintains internal procedures, to achieve the active, safe and profitable management of the company.

The planning of management tasks is based on the Companies Act, the Danish Financial Statements Act, the Articles of Association of the group, as well as on good practice for companies of the same size and with the same international reach as PF Group.

By virtue of its status as a company owned by a private equity fund, PF Group strives to comply with the DVCA guidelines for responsible ownership and good corporate governance. The report refers to www.dvca.dk for further information on guidelines, and likewise. The usual channels shall publish the group annual accounts.

Target figures and policies for the under-represented sex

Pursuant to Danish legislation on gender composition (Section 99b of the Danish Financial Statements Act) at various management level undertakings, the company has decided that the members of the board appointed by the general meeting should represent minimum 25 % of the under-represented gender. In 2019, the gender balance of the company's board appointed by the general meeting showed: four men and no women, and does not yet meet the target. The company is not currently considering changing the composition of the board of directors as there is a balance in respect of skills and capability. When a vacancy on the board occurs, the company will make sure that the law regarding the under-represented Gender is taken into account.

The business area of PF Group is a traditionally male-dominated field, and the company must make sure to get enough women into the organization at all levels. What is defined as 'enough' will always be influenced by the requirements of the position as well as the proportion of women with the right skills, education, ambitions, etc. who apply for the respective jobs.

The target of minimum 25 % of the under-represented gender reflects the policy of increasing the proportion of the under-represented gender. The breakdown in PF Group as a whole shows 17 % women and 83 % men in 2019. In 2018 the figures were 15 % and 85 %. When new recruitments are relevant the target of minimum 25 % of the under-represented gender will be taken into consideration.

As regards the top management level, one out of five C-level managers is a woman. On other management levels, the target is not completely met, but the ratio is around 10% end 2019. When recruiting new managers the first priority is competencies and skills, however, if two candidates have the same level qualifications, any woman will be given priority.

Management's review

Responsibilities of the board of directors

On a current basis, the board of directors of PF Group ensures that the executive board complies by the objectives, the strategies and the business procedures adopted. Information from the executive board is provided systematically at meetings and through written and oral reports. Such reporting includes developments in the outside world, the company's development and profitability and the financial position, including an evaluation of the business risks and of the financial risks.

In addition to the general meeting, the board of directors meets five times a year according to a scheduled meeting calendar. The agendas for the four meetings have been structured according to a rotation system ensuring that the board in the course of a calendar year will discuss all relevant issues. Between the ordinary board meetings, the board of directors are kept informed on a current basis of the company's results and financial position, and the board will be convened for extraordinary meetings if circumstances call for it. Further information concerning the board of directors appears in note 26.

No audit committee has been appointed, because the board is handling such tasks.

Fee to the board of directors

Directors' fees and remuneration to the executive employees comprise a fixed salary with no incentive pay.

Shareholding by the board of directors, the executive board and the executive employees

At year-end, Maj Invest Equity 4 K/S and the executive board (via Nila Invest Herning ApS) have been registered as owners of a minimum of 5 % of the voting rights or of the share capital (share-holders ownership interest and voting rights are identical) in PF Group. By means of an ownership interest of 74 %, the private equity fund Maj Invest Equity 4 K/S is controlling the company. Partner Mr. Niels Garde Toft represents the private equity fund on the board of directors.

Dividend policy

Any distribution of dividend will take place with due consideration to necessary consolidation of equity as a basis for the company's continued expansion.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date that would have any material impact on the company's financial position as per 31 December 2019.

Accounting policies used

The annual report for PF Group A/S is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (large enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Accounting policies used

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

In case the foreign group enterprises and associated enterprises meet the criteria for being independent units, the profit and loss accounts are translated by using an average exchange rate for the period in question, and the balance sheet items are translated by using the closing rate. Differences arising in connection with the translation of the equity of foreign group enterprises at the beginning of the year to the closing rate are recognised directly in the equity. The same goes for differences arising in connection with translation of the profit and loss accounts from average exchange rate to the closing rate.

At recognition of foreign group enterprises which are integrated units, the monetary items are translated by using the closing rate. Non monetary items are translated by using the exchange rate prevailing at the time of acquisition or at the time of the following depreciation or writedown of the asset. The items of the profit and loss account are translated by using the exchange rate prevailing at the date of the transaction. However, items in the profit and loss account deriving from non monetary items are translated by using historical prices.

Currency adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in the equity. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised in the equity.

Derived financial instruments

At the first recognition, derived financial instruments are recognised at cost in the balance sheet. Afterwards they are measured at fair value. Positive and negative fair values of derived financial instruments are recognised under other debtors and other creditors respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the profit and loss account together with any changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging future cash flows are recognised under amounts owed or other debt in the equity.

If the future transaction results in the recognition of assets or liabilities, amounts which have been recognised in the equity previously, are transferred to the cost for the asset or the liability, respectively. If the future transaction results in income or costs, amounts which have been recognised in the equity currently, are transferred to the profit and loss account in the period in which the hedged item influenced the profit and loss account.

As regards any derived financial instruments which do not meet the criteria for being treated as hedging instruments, changes in the fair value are recognised currently in the profit and loss account.

Accounting policies used

Changes in the fair value of derived financial instruments used for hedging net investments in independent foreign group enterprises or associated enterprises are recognised directly in the equity.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company PF Group A/S and those group enterprises of which PF Group A/S directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Gains or losses from the disposal or termination of group enterprises or associated enterprises are recognised as the difference between the sales price or the termination sum and the book value of the net assets at the sales date and expected costs of sale or termination.

The profit and loss account

Net turnover

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies used

Other operating income

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

Other external costs

Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs

Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent enterprise and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent enterprise acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

Accounting policies used

The balance sheet

Intangible fixed assets

Patents, and licences

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Goodwill is amortised on a straight-line basis over the amortisation period, which is 20 years. The amortisation period is determined on the basis of an expected payback period, being the longer for strategic acquirees with a strong market position and an expected long-term earnings profile.

Tangible fixed assets

Tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown. Land is not depreciated.

The basis of depreciation is cost with deduction of any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the book value, the amortisation discontinues.

If the amortisation period or the residual value is changed, the effect on amortisation will in the future be recognised as a change in the accounting estimates.

The cost comprises the acquisition cost and costs directly attached to the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life :

Buildings	20-50 years
Technical plants and machinery	3-10 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies used

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

As regards assets of own production, the cost comprises direct and indirect costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs form specific and general borrowing concerning the construction of each individual asset.

Leases

At the first recognition in the balance sheet, leases concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the internal interest rate of the lease or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, assets held under a finance lease are treated in the same way as other similar tangible assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest part of the lease is recognised in the profit and loss account over the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets respectively. Writedown takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Accounting policies used

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserves under the equity for net revaluation as per the equity method. Dividends from group enterprises expected to be decided before the approval of this annual report are not subject to a limitation of the revaluation reserves. The reserves are adjusted by other equity movements in group enterprises.

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategic acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

Accounting policies used

The net realisable value for inventories is recognised as the market price with deduction of completion costs and selling costs. The net realisable value is determined taking into consideration the negotiability, obsolescence, and development of the expected market price.

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for net revaluation as per the equity method

Reserves for net revaluation as per the equity method comprise net revaluation of equity investments in subsidiaries and associates in proportion to cost.

The reserves may be eliminated in case of losses, realisation of equity investments or changes in the financial estimates.

It is not possible to recognise the reserves with a negative amount.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

PF Group A/S is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, PF Group A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Accounting policies used

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Mortgage debt and bank debt are for instance measured at amortised cost. As to cash loans, this corresponds to the outstanding debt of the loan. For bond loans, the amortised cost corresponds to an outstanding debt calculated as the underlying cash value at the date of borrowing adjusted by amortisation of the market value adjustment on the date of the borrowing carried out over the repayment period.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

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

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

The cash flow statement

The cash flow statement shows the cash flow of the group for the year, divided in cash flows deriving from operating activities, investment activities, and financing activities respectively, the changes in the liabilities, and the available funds at the beginning and the end of the year respectively.

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Accounting policies used

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Segment information

Information on activity and geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

Profit and loss account 1 January - 31 December

All amounts in DKK.

Note	Group		Parent enterprise		
	2019	2018	2019	2018	
1	Net turnover	366.919.434	361.989.833	249.600	249.600
	Change in inventories of finished goods and work in progress	-4.700.629	-1.039.375	0	0
	Other operating income	4.533.939	207.619	0	0
	Raw materials and consumables used	-141.173.644	-143.702.008	0	0
	Other external costs	-49.683.502	-45.597.921	-766.035	545.980
	Gross results	175.895.598	171.858.148	-516.435	795.580
2	Staff costs	-131.538.028	-125.622.048	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-17.961.824	-16.848.123	-200.004	-200.004
	Operating profit	26.395.746	29.387.977	-716.439	595.576
	Income from equity investments in group enterprises	0	0	19.253.357	19.225.434
	Other financial income from group enterprises	0	0	415.610	651.441
	Other financial income	69.047	43.232	329	8
3	Other financial costs	-2.574.483	-4.011.047	-2.009.215	-3.128.217
	Results before tax	23.890.310	25.420.162	16.943.642	17.344.242
	Tax on ordinary results	-6.566.920	-7.489.385	379.748	586.535
4	Results for the year	17.323.390	17.930.777	17.323.390	17.930.777

Balance sheet 31 December

All amounts in DKK.

Note	Group		Parent enterprise		
	2019	2018	2019	2018	
Assets					
Fixed assets					
5	Acquired concessions, patents, licenses, trademarks and similar rights	683.307	883.311	683.307	883.311
6	Goodwill	83.245.869	89.450.517	0	0
	Intangible fixed assets in total	83.929.176	90.333.828	683.307	883.311
7	Land and property	63.349.601	62.789.568	0	0
8	Production plant and machinery	14.894.565	9.452.376	0	0
9	Other plants, operating assets, and fixtures and furniture	7.471.703	8.790.552	0	0
	Tangible fixed assets in total	85.715.869	81.032.496	0	0
10	Equity investments in group enterprises	0	0	205.505.207	217.309.874
	Financial fixed assets in total	0	0	205.505.207	217.309.874
	Fixed assets in total	169.645.045	171.366.324	206.188.514	218.193.185

Balance sheet 31 December

All amounts in DKK.

Note	Group		Parent enterprise	
	2019	2018	2019	2018
Assets				
Current assets				
Raw materials and consumables	22.578.054	20.945.692	0	0
Work in progress	12.553.279	13.247.031	0	0
Manufactured goods and trade goods	20.444.045	24.450.922	0	0
Inventories in total	<u>55.575.378</u>	<u>58.643.645</u>	<u>0</u>	<u>0</u>
Trade debtors	48.630.405	42.280.714	0	0
Amounts owed by group enterprises	0	0	18.772.191	13.498.106
Receivable corporate tax	0	41.970	5.026.604	605.391
Other debtors	2.564.176	1.882.711	5.500	2.625
11 Accrued income and deferred expenses	<u>909.837</u>	<u>740.041</u>	<u>0</u>	<u>0</u>
Debtors in total	<u>52.104.418</u>	<u>44.945.436</u>	<u>23.804.295</u>	<u>14.106.122</u>
Available funds	<u>31.334.998</u>	<u>20.536.878</u>	<u>0</u>	<u>0</u>
Current assets in total	<u>139.014.794</u>	<u>124.125.959</u>	<u>23.804.295</u>	<u>14.106.122</u>
Assets in total	<u>308.659.839</u>	<u>295.492.283</u>	<u>229.992.809</u>	<u>232.299.307</u>

Balance sheet 31 December

All amounts in DKK.

Equity and liabilities		Group		Parent enterprise	
		2019	2018	2019	2018
Note					
Equity					
12	Contributed capital	10.000.000	10.000.000	10.000.000	10.000.000
	Reserves for net revaluation as per the equity method	0	0	0	0
	Results brought forward	160.664.595	142.085.304	160.664.595	142.085.304
	Equity in total	170.664.595	152.085.304	170.664.595	152.085.304
Provisions					
13	Provisions for deferred tax	3.616.494	4.134.956	138.962	120.106
	Provisions in total	3.616.494	4.134.956	138.962	120.106
Liabilities					
14	Mortgage debt	19.178.768	22.701.938	0	0
15	Other banking institutions	45.000.000	66.000.000	45.000.000	66.000.000
16	Bank debts	1.831.197	2.103.416	0	0
17	Leasing liabilities	3.429.345	224.594	0	0
18	Other debts	2.545.526	0	0	0
	Long-term liabilities in total	71.984.836	91.029.948	45.000.000	66.000.000

Balance sheet 31 December

All amounts in DKK.

Note	Group		Parent enterprise	
	2019	2018	2019	2018
Equity and liabilities				
	5.036.702	4.225.027	0	0
	14.570.407	402.233	14.048.245	13.780.910
	656.779	540.921	0	0
	19.358.997	19.588.215	0	0
	908.036	0	0	0
	21.550.620	23.295.550	141.007	312.987
19	312.373	190.129	0	0
	62.393.914	48.242.075	14.189.252	14.093.897
	134.378.750	139.272.023	59.189.252	80.093.897
Equity and liabilities in total				
	308.659.839	295.492.283	229.992.809	232.299.307

20 Fee, auditor

21 Mortgage and securities

22 Contingencies

23 Financial risks

24 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserves for net revaluation as per the equity method</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2018	10.000.000	0	127.069.473	137.069.473
Share of results	0	0	15.430.777	15.430.777
Extraordinary dividend adopted during the financial year	0	0	2.500.000	2.500.000
Distributed extraordinary dividend adopted during the financial year	0	0	-2.500.000	-2.500.000
Exchange rate adjustments	0	0	-509.457	-509.457
Market value adjustment swap contract	0	0	94.511	94.511
Equity 1 January 2019	10.000.000	0	142.085.304	152.085.304
Share of results	0	0	17.323.390	17.323.390
Exchange rate adjustments	0	0	1.154.926	1.154.926
Adjustment previous year	0	0	13.154	13.154
Market value adjustment swap contract	0	0	87.821	87.821
	10.000.000	0	160.664.595	170.664.595

Statement of changes in equity of the parent enterprise

All amounts in DKK.

	<u>Contributed capital</u>	<u>Reserves for net revaluation as per the equity method</u>	<u>Results brought forward</u>	<u>In total</u>
Equity 1 January 2018	10.000.000	0	127.069.473	137.069.473
Transferred	0	5.543.875	-5.543.875	0
Distributed dividend	0	0	24.354.363	24.354.363
Share of results	0	19.225.434	-3.794.657	15.430.777
Extraordinary dividend adopted during the financial year	0	0	2.500.000	2.500.000
Distributed extraordinary dividend adopted during the financial year	0	0	-2.500.000	-2.500.000
Exchange rate adjustments	0	-509.462	0	-509.462
Distributed dividend	0	-24.354.363	0	-24.354.363
Capital movements group enterprises	0	94.516	0	94.516
Equity 1 January 2019	10.000.000	0	142.085.304	152.085.304
Share of results	0	19.253.357	-1.929.967	17.323.390
Exchange rate adjustments	0	1.154.926	0	1.154.926
Distributed dividend	0	-32.313.925	32.313.925	0
Capital movements group enterprises	0	100.975	0	100.975
Transferred	0	11.804.667	-11.804.667	0
	10.000.000	0	160.664.595	170.664.595

Cash flow statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	Group 2019	2018
Results for the year	17.323.390	17.930.777
25 Adjustments	22.728.216	28.305.323
Change in working capital	<u>-5.105.514</u>	<u>399.492</u>
Cash flow from operating activities before net financials	34.946.092	46.635.592
Interest received and similar amounts	69.047	43.232
Interest paid and similar amounts	<u>-2.574.483</u>	<u>-4.011.047</u>
Cash flow from ordinary activities	32.440.656	42.667.777
Corporate tax paid	<u>-6.135.376</u>	<u>-8.646.005</u>
Cash flow from operating activities	<u>26.305.280</u>	<u>34.021.772</u>
Purchase of tangible fixed assets	-16.180.034	-6.386.467
Sale of tangible fixed assets	<u>4.738.137</u>	<u>400.184</u>
Cash flow from investment activities	<u>-11.441.897</u>	<u>-5.986.283</u>
Repayments of long-term debt	-18.233.437	-34.079.825
Dividend paid	<u>0</u>	<u>-2.500.000</u>
Cash flow from financing activities	<u>-18.233.437</u>	<u>-36.579.825</u>
Changes in available funds	-3.370.054	-8.544.336
Available funds 1 January	<u>20.134.645</u>	<u>28.678.981</u>
Available funds 31 December	<u>16.764.591</u>	<u>20.134.645</u>
Available funds		
Available funds	31.334.998	20.536.878
Short-term bank debts	<u>-14.570.407</u>	<u>-402.233</u>
Available funds 31 December	<u>16.764.591</u>	<u>20.134.645</u>

Notes

All amounts in DKK.

1. Net turnover

Segment information

Information on activity and geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

All amounts in TDKK

Year 2019

Gratings ect. 291.947, other goods 74.972, total 366.919.

Skandinavia 205.155, other countries 161.764, total 366.919.

Year 2018

Gratings ect. 270.062, other goods 91.928, total 361.990.

Skandinavia 209.865, other countries 152.125, total 361.990.

	Group		Parent enterprise	
	2019	2018	2019	2018
2. Staff costs				
Salaries and wages	115.690.573	110.666.186	0	0
Pension costs	7.419.007	6.875.419	0	0
Other staff costs	8.428.448	8.080.443	0	0
	131.538.028	125.622.048	0	0
Executive board and board of directors	2.509.910	2.584.898	0	0
Average number of employees	287	291	0	0
3. Other financial costs				
Financial costs, group enterprises	0	0	0	8.667
Other financial costs	2.574.483	4.011.047	2.009.215	3.119.550
	2.574.483	4.011.047	2.009.215	3.128.217

Notes

All amounts in DKK.

	Parent enterprise 2019	2018
4. Proposed distribution of the results		
Extraordinary dividend adopted during the financial year	0	2.500.000
Reserves for net revaluation as per the equity method	19.253.357	19.225.434
Allocated from results brought forward	-1.929.967	-3.794.657
Distribution in total	17.323.390	17.930.777

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
5. Acquired concessions, patents, licenses, trademarks and similar rights				
Cost 1 January	2.000.000	2.000.000	2.000.000	2.000.000
Cost 31 December	2.000.000	2.000.000	2.000.000	2.000.000
Amortisation and writedown 1 January	-1.116.689	-916.685	-1.116.689	-916.685
Amortisation for the year	-200.004	-200.004	-200.004	-200.004
Amortisation and writedown 31 December	-1.316.693	-1.116.689	-1.316.693	-1.116.689
Book value 31 December	683.307	883.311	683.307	883.311

Notes

All amounts in DKK.

	Group	
	<u>31/12 2019</u>	<u>31/12 2018</u>
6. Goodwill		
Cost 1 January	124.093.135	124.093.135
Cost 31 December	<u>124.093.135</u>	<u>124.093.135</u>
Amortisation and writedown 1 January	-34.642.618	-28.437.970
Amortisation for the year	<u>-6.204.648</u>	<u>-6.204.648</u>
Amortisation and writedown 31 December	<u>-40.847.266</u>	<u>-34.642.618</u>
Book value 31 December	<u>83.245.869</u>	<u>89.450.517</u>
7. Land and property		
Cost 1 January	138.917.048	137.008.224
Translation by use of the exchange rate valid on balance sheet date 31 December	524.903	-166.367
Additions during the year	4.323.221	2.075.191
Disposals during the year	<u>-6.278.638</u>	<u>0</u>
Cost 31 December	<u>137.486.534</u>	<u>138.917.048</u>
Depreciation and writedown 1 January	-76.127.480	-72.450.519
Translation by use of the exchange rate valid on balance sheet date 31 December	-116.294	16.345
Depreciation for the year	-3.801.380	-3.693.306
Depreciation and writedown, assets disposed of	<u>5.908.221</u>	<u>0</u>
Depreciation and writedown 31 December	<u>-74.136.933</u>	<u>-76.127.480</u>
Book value 31 December	<u>63.349.601</u>	<u>62.789.568</u>

Notes

All amounts in DKK.

	Group	
	<u>31/12 2019</u>	<u>31/12 2018</u>
8. Production plant and machinery		
Cost 1 January	138.229.357	134.901.540
Translation by use of the exchange rate valid on balance sheet date 31 December	495.258	-107.932
Additions during the year	9.953.349	3.180.605
Disposals during the year	-4.841.569	-1.385.647
Transfers	0	1.640.791
Cost 31 December	<u>143.836.395</u>	<u>138.229.357</u>
Depreciation and writedown 1 January	-128.776.981	-124.846.992
Translation by use of the exchange rate valid on balance sheet date 31 December	-427.250	101.048
Depreciation for the year	-4.554.424	-3.881.582
Depreciation, amortisation and writedown for the year, assets disposed of	4.816.825	1.385.647
Transfers	0	-1.535.102
Depreciation and writedown 31 December	<u>-128.941.830</u>	<u>-128.776.981</u>
Book value 31 December	<u>14.894.565</u>	<u>9.452.376</u>
Leased assets are included with a book value of	<u>3.326.445</u>	<u>371.179</u>

Notes

All amounts in DKK.

	Group	
	<u>31/12 2019</u>	<u>31/12 2018</u>
9. Other plants, operating assets, and fixtures and furniture		
Cost 1 January	19.897.026	21.795.491
Translation by use of the exchange rate valid on balance sheet date 31 December	43.908	-7.686
Additions during the year	1.903.464	1.130.671
Disposals during the year	-1.714.199	-1.380.659
Transfers	0	-1.640.791
Cost 31 December	<u>20.130.199</u>	<u>19.897.026</u>
Depreciation and writedown 1 January	-11.106.474	-10.761.189
Translation by use of the exchange rate valid on balance sheet date 31 December	-27.841	7.721
Depreciation for the year	-3.234.981	-3.086.100
Depreciation and writedown, assets disposed of	1.710.800	1.197.992
Transfers	0	1.535.102
Depreciation and writedown 31 December	<u>-12.658.496</u>	<u>-11.106.474</u>
Book value 31 December	<u>7.471.703</u>	<u>8.790.552</u>
Leased assets are included with a book value of	<u>1.122.770</u>	<u>0</u>

Notes

All amounts in DKK.

	Parent enterprise	
	31/12 2019	31/12 2018
10. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January	239.739.602	239.740.602
Disposals during the year	0	-1.000
Cost 31 December	239.739.602	239.739.602
Revaluations, opening balance 1 January	12.212.890	7.966.092
Exchange rate adjustment	1.154.926	-572.550
Results for the year before goodwill amortisation	25.458.005	25.430.082
Reversals for the year concerning disposals	0	3.649.113
Dividend	-32.313.925	-24.354.363
Other movements in capital	100.975	94.516
Revaluation 31 December	6.612.871	12.212.890
Amortisation of goodwill, opening balance 1 January	-34.642.618	-28.437.970
Amortisation of goodwill for the year	-6.204.648	-6.204.648
Depreciation on goodwill 31 December	-40.847.266	-34.642.618
Book value 31 December	205.505.207	217.309.874
The items include goodwill with an amount of	83.245.869	89.450.517

Group enterprises:

	Domicile	Share of ownership
A/S Maskinfabrikken PcP	Herning, Denmark	100 %
PF Værktøj Herning ApS	Herning, Denmark	100 %
Nordjysk Døngalvanisering A/S	Rebild, Denmark	100 %
ElefantRiste A/S	Vildbjerg, Denmark	100 %
Elefant Gratings Ltd.	Wolverhampton, England	100 %
PcP. Norge AS	Stavanger, Norway	100 %
PcP. Gratings Ltd.	Wolverhampton, England	100 %
PcP. Sicherheitsroste GmbH	Breckerfeld, Germany	100 %
PcP. Nederland B.V.	Oudenbosch, Netherlands	100 %
PcP. Belgium S.A.	Sprimont, Belgium	100 %
PcP. Durk Sverige AB	Göteborg, Sweden	100 %
Guardrail Engineering Ltd.	Wolverhampton, England	100 %

Notes

All amounts in DKK.

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
11. Accrued income and deferred expenses				
Prepaid insurance and subscriptions	909.837	740.041	0	0
	909.837	740.041	0	0
12. Contributed capital				
Contributed capital 1 January	10.000.000	10.000.000	10.000.000	10.000.000
	10.000.000	10.000.000	10.000.000	10.000.000
The share capital consists of 10.000.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.				
13. Provisions for deferred tax				
Provisions for deferred tax 1 January	4.134.956	4.242.739	120.106	101.250
Deferred tax of the results for the year	-518.462	-107.783	18.856	18.856
	3.616.494	4.134.956	138.962	120.106
The following items are subject to deferred tax:				
Intangible fixed assets	138.962	131.471	138.962	131.471
Tangible fixed assets	3.997.218	4.439.315	0	0
Internal profit inventories	-816.748	-836.879	0	0
Current assets	263.071	365.456	0	0
Liabilities	33.991	35.593	0	-11.365
	3.616.494	4.134.956	138.962	120.106

Notes

All amounts in DKK.

	Group		Parent enterprise	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
14. Mortgage debt				
Mortgage debt in total	22.774.616	26.249.965	0	0
Share of amount due within 1 year	<u>-3.595.848</u>	<u>-3.548.027</u>	<u>0</u>	<u>0</u>
	19.178.768	22.701.938	0	0
Share of liabilities due after 5 years	<u>5.849.279</u>	<u>8.929.448</u>	<u>0</u>	<u>0</u>
15. Other banking institutions				
Other banking institutions in total	45.000.000	66.000.000	45.000.000	66.000.000
Share of amount due within 1 year	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Other banking institutions in total	45.000.000	66.000.000	45.000.000	66.000.000
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
16. Bank debts				
Bank debts in total	2.315.944	2.689.826	0	0
Share of amount due within 1 year	<u>-484.747</u>	<u>-586.410</u>	<u>0</u>	<u>0</u>
	1.831.197	2.103.416	0	0
Share of liabilities due after 5 years	<u>131.900</u>	<u>0</u>	<u>0</u>	<u>0</u>

Notes

All amounts in DKK.

	Group	
	31/12 2019	31/12 2018
17. Leasing liabilities		
Leasing liabilities in total	4.385.452	315.184
Share of amount due within 1 year	<u>-956.107</u>	<u>-90.590</u>
	<u>3.429.345</u>	<u>224.594</u>
Share of liabilities due after 5 years	<u>0</u>	<u>0</u>
18. Other debts		
Other debts in total	2.545.526	0
Share of amount due within 1 year	<u>0</u>	<u>0</u>
Other debts in total	<u>2.545.526</u>	<u>0</u>
Share of liabilities due after 5 years	<u>1.862.342</u>	<u>0</u>
19. Accrued expenses and deferred income		
Prepayments/deferred income	<u>312.373</u>	<u>190.129</u>
	<u>312.373</u>	<u>190.129</u>
20. Fee, auditor		
Total fee for auditors	<u>1.191.999</u>	<u>1.303.718</u>
Fee concerning compulsory audit, Partner Revision A/S	398.500	459.250
Fee concerning compulsory audit, others	456.599	453.468
Other services	<u>336.900</u>	<u>391.000</u>
	<u>1.191.999</u>	<u>1.303.718</u>

Notes

All amounts in DKK.

21. Mortgage and securities

Parent enterprise

Stocks/shares in Danish and Swedish group enterprises representing a book value of 163.822 TDKK on 31 december 2019 are provided as security for the group commitment to Nordea Bank A/S, credit line 65.000 TDKK.

There has been given a negative pledge as security for the company and some group enterprises accounts with banks.

Group

There has been given a negative pledge as security for group enterprises accounts with banks.

As security for the mortgage/bank debt, 84.998 TDKK, mortgage nominal 100.243 TDKK has been granted on land and property representing a book value of 61.154 TDKK on 31 december 2019.

Chattel mortgage deed 3.000 TDKK on specific machine.

The machine is representing a book value of 0 DKK on 31 December 2019.

There is provided mortgage deed in some inventories, debtors and operating assets as security for bank debt and leasing liabilities. The inventories and debtors and operating assets is representing a book value of 12.833 TDKK on 31 December 2019. Debt on 31 December 2019 4.385 TDKK.

Notes

All amounts in DKK.

22. Contingencies

Contingent assets

The Group has a off balance deferred tax asset in some group enterprises taken into account the uncertainties regarding their timely utilization. The off balance deferred tax asset amount to 2.984 TDKK.

Contingent liabilities

Parent enterprise

The company has provided guarantees for the bank debts of the group enterprises credit line 65.000 TDKK.

There has been given a letter of support for group enterprises.

The company has provided guarantees for mortgage debt in some group companies, debt 31 December 2019 18.737 TDKK.

The company has provided guarantees for lease debt in some group companies, debt 31 December 2019 4.037 TDKK.

Group

Operational leasing contracts with an average annual leasing payment 2.596 TDKK.

Total outstanding leasing payments 5.850 TDKK.

Rent contracts with an average annual rent 1.760 TDKK.

The rent in the notice period 6.418 TDKK.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Notes

All amounts in DKK.

23. Financial risks

Interest risks

The group has entered an interest rate swap agreement in order to limit the interest rate risk in relation to a mortgage loan with a floating interest rate. Changes in the market value of the interest rate swap are recognised directly in equity. Market value interest rate swap agreement on 31/12 2019 -642.849 DKK is booked under other debts. The market value interest rate swap agreement comprises nominal 888.065 EUR and interest rate between 1,5 % and 3,0 %.

24. Related parties

Controlling interest

Maj Invest Equity 4 K/S
Copenhagen
Denmark

Majority shareholder

Other related parties

Group enterprises, members of the board and executive board of the group enterprises. Together they own 18 % of the share capital.

Transactions

All transactions have been carried out on an arm's length basis and therefore ÅRL § 98c, stk. 7 is in use.

	Group	
	2019	2018
25. Adjustments		
Depreciation and amortisation	17.961.824	16.848.123
Profit from sale of fixed assets	-4.305.964	0
Other financial income	-69.047	-43.232
Other financial costs	2.574.483	4.011.047
Tax on ordinary results	6.566.920	7.489.385
	22.728.216	28.305.323

Notes

All amounts in DKK.

26. Board information

Hans Lohmann (Appointed by MIE4 Holding 3 ApS per 15.05.2013):

Executive board: Bluecap Invest ApS.

Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Ellepot A/S, Koatek A/S, Nordjysk Døgn galvanisering A/S, Elefantriste A/S, Arne Poulsen Automobiler A/S, Sjørring Maskinfabrik A/S, Sjørring Invest ApS, Milton Megatherm A/S, Roll-O-Matic A/S, Koatek Ejendomme ApS, Budweg Caliper A/S, Caphol Budweg Caliper ApS, Ellegaard Investment I ApS, Metallum Holding ApS..

Niels Garde Toft (Appointed by MIE4 Holding 3 ApS per 27.06.2013):

Executive board: LDE 1 Aps, LDE 2 ApS, Equity Datterholding 15 (FM) ApS,

Aclass Holding ApS, LDE Holding 13 Aps, RoM Invest ApS, MIE5 Holding 7 ApS, Maks ApS.

Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Fonden LDE 2 GP, Aclass A/S, Equity Datter Holding 13 ApS, Roll-O-Matic A/S.

Martin Krogh Pedersen (Appointed by Nila Invest, Herning ApS per 15.05.2013):

Executive board: KP Components Group A/S, MHKP Holding ApS, MHKPO ApS, MHKPS ApS.

Board of directors: PF Group A/S, A/S Maskinfabrikken PcP, Ringkjøbing Landbobank Aktieselskab, KP Components A/S, KP Components AB, KP Componets Inc., KP Group ApS, KP Group Holding ApS and Techo A/S.

Jesper Kirkeby Hansen (Appointed by MIE4 Holding 3 ApS per 30.06.2015):

Executive board: Tefcold A/S and Churchtown ApS.

Board of directors: PF Group A/S and A/S Maskinfabrikken PcP.