DAFA A/S

Holmstrupgårdvej 12
DK-8220 Braband

CVR no. 40 08 88 73

Annual report 2021

The annual report was presented and approved at the Company's annual general meeting on

2 March 2022

Kaare Bo Nielsen
Chairman

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of DAFA A/S for the financial year 1 January – 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

We recommend that the annual report be approved at the annual general meeting.

Aarhus, 2 March 2022
Executive Board:

Steen Bødtker

Board of Directors:

Lars Dige Knudsen Chairman	Kaare Bo Nielsen	Steen Bødtker

Independent auditor's report

To the shareholder of DAFA A/S

Opinion

We have audited the financial statements of DAFA A/S for the financial year 1 January – 31 December 2021 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2021 and of the results of the Company's operations for the financial year 1 January – 31 December 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 the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 made on the basis of these financial statements.

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

— identify and assess the risks of material misstatement of the company 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.

Independent auditor's report

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Aarhus, 2 March 2022
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Steffen S. Hansen State Authorised Public Accountant mne32737	Niklas R. Filipsen State Authorised Public Accountant mne47781

Management's review

Company details

DAFA A/S
Holmstrupgårdvej 12
8220 Braband
Denmark

CVR no.:	40 08 88 73
Established:	5 December 2018
Registered office:	Aarhus
Financial year:	1 January – 31 December

Board of Directors

Lars Dige Knudsen, Chairman
Kaare Bo Nielsen
Steen Bødtker

Executive Board

Steen Bødtker

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42, 7.
DK-8000 Aarhus C
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2021*	2020	2019	5/12 - 31/12 2018
Key figures				
Gross profit/loss	106,984	89,140	92,715	-6
Profit/loss before financial income and expenses	29,042	28,881	29,709	-6
Profit/loss from financial income and expenses	785	-285	-143	0
Profit/loss for the year	23,368	35,355	31,229	-5
Total assets	141,425	217,449	155,832	501
Equity	86,794	112,548	77,193	495
Investment in property, plant and equipment	5,918	5,916	9,073	0
Ratios				
Return on invested capital	16.2%	15.5%	38.0%	-2.4%
Return on equity	23.4%	37.3%	80.4%	-2.0%
Solvency ratio	61.4%	51.8%	49.5%	98.8%
Average number of full-time employees (incl. discontinuing operations)	123	129	127	0

The financial ratios have been calculated as follows:

* Financial highlights for 2021 is affected by the divestment of the construction dealer activities to DAFA Building Solutions A/S.

Return on invested capital $$\frac{\text{Operating profit/loss x 100}}{\text{Average invested capital}}$$

Return on equity $$\frac{\text{Profit/loss from ordinary activities after tax x 100}}{\text{Average equity}}$$

Solvency ratio $$\frac{\text{Equity at year end x 100}}{\text{Total equity and liabilities at year-end}}$$

Management's review

Operating review

Principal activities

DAFA contributes sustainable, long-lasting foam and rubber solutions which seal, absorb and protect. The goal is that customers experience added value by collaborating with DAFA and that they choose DAFA as their preferred supplier.

DAFA sells its products to the industrial segment, building segment and the wind segment. In 2019, DAFA celebrated its 80th anniversary, and DAFA is proud that the solutions are produced and distributed through divisions in Denmark, Poland, Italy, and China. In addition, the Company has sales offices in the USA, Sweden, Germany and Norway.

Business model

DAFA's business model is through a global footprint to follow our customers' development and requirements by offering high service and quality in sustainable, long-lasting foam and rubber solutions which seal, absorb and protect. We want to grow together with our customers by focusing on close customer relations and development of innovative quality products and solutions.

Group structure

From 1 January 2021, the construction dealer activities in the building materials segment were diversted from DAFA A/S into the newly established DAFA Building Solutions A/S.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 23,368 thousand as against a profit of DKK 35,355 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 86,794 thousand as against DKK 112,548 thousand at 31 December 2020 equivalent to a solvency ratio of 61.5%.

Overall, financial performance of continuing operations for 2021 was satisfactory compared to 2020 and in line with expectations for 2021 presented in the annual report for 2020.

Outlook

IIn 2022, revenue is expected to increase at a range between 5% to 10%, and profit margin is expected to be at the same level as realised in 2021. The growth expectation is based on the continuing investment initiated in the last couple of years when DAFA Group has moved from having a local footprint to being present with a global footprint to support both existing global key customers as well as to gain new customers and new markets.

Management's review

Operating review

Particular risks

The Company's risk exposure

In DAFA, risk is a natural part of the way the business is operating. Efficient risk management secures that the risk is revaluated and addressed daily to reduce the risk to a minimum. The Board of Directors has the overall responsibility for DAFA's risk management and for establishing, identifying and controlling the risk. Management has the daily responsibility to follow the overall guidelines and to report to the Board of Directors inside the most important risk areas.

Operating risks
The Group's key operating risks relate to the ability to maintain and develop its position at existing customers while increasing the market share. The Company's global footprint supports thereby the ability to minimise operating risks.

Market risks
Due to a relatively high solvency ratio and with a global presence, the Company is only to a limited extent exposed to major periodic fluctuations in sales.

Currency risks
Due to foreign activities, profit, cash flows and equity are affected by the exchange and interest rate developments for several currencies. It is the Company's currency policy not to hedge the currency risks as most transactions are naturally hedged through purchases and sales in the same currencies.

Interest rate risks
Due to its high solvency ratio and financial resources, the Company is only to a limited extent exposed to interest rate changes.

Credit risks
According to the Company's credit policy, all major customers are rated on a current basis.

Research and development activities

DAFA continuously develops and improves its products in cooperation with its customers. Related costs are charged to the income statement as they are incurred. Resources spent on implementation of new technology is capitalised under the item completed development projects.

Intellectual capital

It is essential for DAFA's continued growth to retain and develop employees; therefore, significant resources are allocated to these efforts.

To ensure competitiveness and efficiency, new technology investments are made continuously alongside continued competence development.

Intellectual capital resources are of great importance to DAFA. In the construction segment, continuous product development is carried out based on knowledge of the market and our customers. In the industry segment, customised quality solutions are developed for which our employees' know-how of materials and possible solutions is a key factor.

Management's review

Operating review

Environment

DAFA conducts the business activities as described in the business model section with deep respect for all the stakeholders and constant focus on reducing our environmental impact.

Currently, no formal social responsibility policy has been implemented at group level, but in 2010, DAFA acceded to the UN Global Compact, which provides ten principles concerning respect for human rights, labour, environment and anti-corruption. A set of guidelines to ensure that DAFA's employees, in cooperation with customers, suppliers, authorities and other stakeholders, create a responsible development of DAFA's business and surroundings. DAFA has recently submitted Communication of Progress No. 12 for publication on our website.

DAFA A/S follows the principles set forth in DAFA Group A/S statutory report "DAFA ESG/COP REPORT - FEB 2022". The report can be read or downloaded from the below link.

https://dafa-group.com/en/sustainability

Events after the balance sheet date

No events materially affecting the assessment of the annual report have occurred after the balance sheet date.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit		106,984	89,140
Staff costs	2	-71,358	-53,902
Depreciation and amortisation	3	-6,584	-6,357
Profit before financial income and expenses		29,042	28,881
Financial income	4	1,066	484
Financial expenses	5	-281	-769
Profit before tax		29,827	28,596
Tax on profit for the year		-6,459	-6,303
Profit from continuing operations		23,368	22,293
Discontinued operations	6	0	13,062
Profit for the year	7	23,368	35,355

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Intangible assets	8		
Completed development projects		0	58
Software		1,292	1,702
		1,292	1,760
Property, plant and equipment	9		
Land and buildings		826	844
Plant and machinery		23,336	23,097
Fixtures and fittings, tools and equipment		1,849	1,604
Leasehold improvements		2,064	2,106
		28,075	27,651
Other fixed assets	10		
Deposits		1,566	1,354
Total fixed assets		30,933	30,765
Current assets			
Inventories			
Raw materials and consumables		9,647	9,197
Work in progress		1,854	3,381
Finished goods and goods for resale		18,845	14,277
		30,346	26,855
Receivables			
Trade receivables		27,031	41,561
Receivables from group entities		51,028	82,438
Other receivables		0	46
Prepayments	11	2,078	1,826
		80,137	125,871
Cash at bank and in hand		9	8
Assets regarding discontinued operations	6, 12	0	33,950
Total current assets		110,492	186,684
TOTAL ASSETS		141,425	217,449

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital	13	25,000	25,000
Reserve for development costs		0	45
Retained earnings		41,794	57,503
Proposed dividends for the financial year		20,000	30,000
Total equity		86,794	112,548
Provisions			
Provisions for deferred tax	14	2,360	2,323
Total provisions		2,360	2,323
Liabilities other than provisions			
Non-current liabilities other than provisions	15		
Lease obligations		5,659	6,833
Current liabilities other than provisions			
Current portion of non-current liabilities		1,237	1,222
Banks		485	12,487
Trade payables		34,640	33,820
Payables to group entities		2,444	2,297
Corporation tax		784	633
Other payables		7,022	11,338
		46,612	61,797
Liabilities relating to discontinued operations	6, 12	0	33,948
		46,612	95,745
Total liabilities other than provisions		52,271	102,578
TOTAL EQUITY AND LIABILITIES		141,425	217,449
Contractual obligations, contingencies, etc.	16		
Related party disclosures	17		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividends for the financial year	Total
Equity at 1 January 2021	25,000	45	57,503	30,000	112,548
Net effect from demerger and business sale	0	0	-19,122	0	-19,122
Ordinary dividends paid	0	0	0	-30,000	-30,000
Transfers, reserves	0	-45	45	0	0
Transferred over the profit appropriation	0	0	3,368	20,000	23,368
Equity at 31 December 2021	25,000	0	41,794	20,000	86,794

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of DAFA A/S for 2021 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of DAFA Group A/S.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses. Where foreign exchange transactions are considered hedging of future cash flow, the value adjusments are recognised directly in equity.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable is recognised in the income statement as financial income or financial expenses.

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

Income statement

Revenue

Income from the sale of goods is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received. The economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Cost of sales

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Other operating income

Other operating income comprises items secondary to the activities of the entity, including gains on the disposal of intangible assets and property, plant and equipment.

Other external costs

Other external costs comprise expenses for premises, costs related to sales, distribution, office, etc.

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses from transactions denominated in foreign currencies, etc.

Tax on profit for the year

DAFA A/S is subject to the Danish rules on compulsory joint taxation.

J. Nordby Holding ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development costs recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 3 years.

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over 3 years.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	40-50 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	10 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Land is not depreciated.

Depreciation is recognised in the income statement.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Other fixed assets

Deposits are recognised at amortised cost.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries and indirect production overheads. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

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

Prepayments

Prepayments comprise prepaid expenses concerning consumption taxes, licenses, insurance, etc.

Cash at bank and in hand

Cash comprises bank deposits and cash in hand.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established.

The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account. Extra payments and repayments under the on-account taxation scheme are recognised as an interest expense in the income statement and expenses.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Liabilities other than provisions

Financial liabilities are recognised at cost at the date of borrowing, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost using the effective interest method. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at net realisable value.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently treated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Financial statements 1 January – 31 December

Notes

2 Staff costs

DKK'000	2021	2020
Wages and salaries	59,669	43,368
Pensions	5,639	5,044
Other social security costs	2,885	2,622
Other staff costs	3,165	2,868
	71,358	53,902
Average number of full-time employees (includes both discontinuing and continuing operations)	123	129

Staff costs of the Company include remuneration of the Executive Board and Board of Directors of DKK 3,994 thousand (2020: DKK 2,807 thousand).

A reference is made to note 6 for payroll costs related to discontinuing operations in 2020.

In accordance with section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and the Board of Directors is presented as an aggregate single amount.

DKK'000	2021	2020
3 Depreciation and amortisation		
Intangible assets	1,271	1,198
Property, plant and equipment	5,313	5,159
	6,584	6,357
4 Financial income		
Interest income from group entities	420	474
Other financial income	646	10
	1,066	484
5 Financial expenses		
Interest expense to group entities	186	0
Other financial costs	95	769
	281	769

Financial statements 1 January – 31 December

Notes

6 Discontinued operations

On 26 November 2020, the Company agreed to split off the construction dealer activity from DAFA A/S into DAFA Building Solutions A/S. The split was effected on 1 January 2021. Consequently, net assets to be transferred was recognised in the balance sheet as discontinued operations as of 31 December 2020. Profit after tax of the activity is recognised as a separate line item in the income statement in comparative figures for 2020.

DKK'000	2021	2020
Gross profit	0	49,588
Other external costs	0	-12,100
Staff costs	0	-20,477
Financial income	0	251
Financial expenses	0	-516
Tax on profit	0	-3,684
	0	13,062

7 Proposed profit appropriation

Proposed dividends for the year	20,000	30,000
Retained earnings	3,368	5,355
	23,368	35,355

8 Intangible assets

DKK'000	Completed development projects	Software	Total
Cost at 1 January 2021	3,650	5,252	8,902
Additions for the year	0	1,097	1,097
Disposals for the year	-2,411	-793	-3,204
Cost at 31 December 2021	1,239	5,556	6,795
Amortisation and impairment losses at 1 January 2021	-3,592	-3,550	-7,142
Amortisation for the year	-58	-1,213	-1,271
Reversed amortisation and impairment	2,411	499	2,910
Amortisation and impairment losses at 31 December 2021	-1,239	-4,264	-5,503
Carrying amount at 31 December 2021	0	1,292	1,292

Completed development projects

Completed development projects relate to development and test of various concepts regarding our wind and building segments and development of AX integration in the Company, which has entailed greater productivity.

Financial statements 1 January – 31 December

Notes

9 Property, plant and equipment

DKK'000	Land and buildings	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improve-ments	Total
Cost at 1 January 2021	954	61,117	19,050	4,337	85,458
Additions for the year	0	4,471	1,030	417	5,918
Disposals for the year	0	-6,833	-619	0	-7,452
Cost at 31 December 2021	954	58,755	19,461	4,754	83,924
Depreciation and impairment losses at 1 January 2021	-110	-38,021	-17,446	-2,231	-57,808
Depreciation for the year	-18	-4,051	-785	-459	-5,313
Reversed depreciation and impairment losses on assets sold	0	6,653	619	0	7,272
Depreciation and impairment losses at 31 December 2021	-128	-35,419	-17,612	-2,690	-55,849
Carrying amount at 31 December 2021	826	23,336	1,849	2,064	28,075
Assets held under finance leases	0	6,297	119	0	0

10 Other fixed assets

DKK'000	Deposits
Cost at 1 January 2021	1,354
Additions for the year	212
Cost at 31 December 2021	1,566
Carrying amount at 31 December 2021	1,566

11 Prepayments

Prepayments comprise the accrual of costs incurred relating to subsequent financial years, including insurance and IT licences, etc.

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DKK'000	2021	2020
12 Assets and liabilities regarding discontinued operations		
Deposits	0	128
Inventories	0	10,656
Trade receivables	0	7,002
Prepayments	0	77
Receivables from group entities	0	16,085
	0	33,948
Trade payables	0	11,098
Payables to group entities	0	19,121
Other payables	0	3,729
	0	33,948

13 Contributed capital

All shares rank equally.

14 Provision for deferred tax

	31/12 2021	31/12 2020
Deferred tax at 1 January	2,323	2,162
Adjustment for the year in the income statement	37	161
	2,360	2,323

15 Non-current liabilities other than provisions

Liabilities other than provisions are following due as follows:

0-1 years	1,237	1,222
1-5 years	4,821	4,872
>5 years	838	1,961
	6,896	8,055

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16 Contractual obligations, contingencies, etc.

Other contingent liabilities

DAFA A/S is jointly and severally liable for jointly taxed income in the J. Norby Holding ApS Group and its Danish affiliaties and for certain withholding taxes such as dividend and tax and royalty tax as well as for the joint registration for VAT. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc. may entail an increase in the entities' liability. The Group as a whole is not liable to any other parties.

Operating lease obligations

The Company has entered into operating leases with a remaining term of 52 months. The total obligation of operating leases amounts to DKK 2,093 thousand as of 31 December 2021. Of the total obligation, DKK 659 thousand falls due within 1 year.

The Company has entered into rental agreements with a remaining term of 60 months. The total obligation of rental agreements amounts to DKK 29,451 thousand as of 31 December 2021. Of the total obligation, DKK 6,444 thousand falls due within 1 year.

Collateral

DAFA A/S has provided collateral of DKK 25 thousand to an owners' association.

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17 Related party disclosures

DAFA A/S' related parties comprise the following:

Control

DAFA Group A/S, Holmstrupgårdvej 12, DK-8220 Brabrand, Denmark.

DAFA Group A/S holds the majority of the contributed capital in the Company.

DAFA A/S is part of the consolidated financial statements of DAFA Group A/S, Holmstrupgårdvej 12, DK-8220 Brabrand, and the consolidated financial statements of J. Norby Holding ApS, P. Heises Vej 10, DK-8000 Aarhus C, which is the smallest and largest group, respectively, in which the Company is included as a subsidiary.

The consolidated financial statements of DAFA Group A/S and the consolidated financial statements of J. Norby Holding ApS can be obtained by contacting the companies at the addresses above.

Related party transactions

DKK'000	2021
Sale of goods to group entities	63,286
Sale of services etc. to group entities	12,931
Purchase of goods from group entities	-8,520
Sale of fixed assets to group entities	31
Management fee to group entities	-5,017
Paid dividend to parent entity	-30,000

Remuneration to the Company's Executive Board and Board of Directors is disclosed in note 2.

Receivables and payables to group entities are disclosed in the balance sheet, and interest to/from group entities is disclosed in note 4 and 5.