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# ***VPK Fond II K/S***

c/o Jon Erik Risvig, Rugaards Skovvej 36, DK-8680  
Ry

## **Annual Report for 1 January - 31 December 2020**

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CVR No 40 48 27 76

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
25/3 2021

Klaus Bilow Davidsen  
Chairman of the General  
Meeting



**pwc**

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## **Management's Statement**

The General Partner has today considered and adopted the Annual Report of VPK Fond II K/S for the financial year 1 January - 31 December 2020.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2020 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

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

Ry, 25 March 2021

**On behalf of the General Partner: VPK Komplementar II ApS**

Anders Tvegaard

Jon Erik Risvig

Klaus Bülow Davidsen

# Independent Auditor's Report

To the General Partner of VPK Fond II K/S

## Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of VPK Fond II K/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

## Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 Consolidated Financial Statements and the Parent Company Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Management's responsibilities for the Consolidated Financial Statements and Parent Company Financial Statements

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

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

## Auditor's responsibilities for the audit of the Consolidated Financial Statements and Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements

## Independent Auditor's Report

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

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

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

## Independent Auditor's Report

are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

### Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Aarhus, 25 March 2021

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Henrik Kragh  
State Authorised Public Accountant  
mne26783

Christian Roding  
State Authorised Public Accountant  
mne33714

## **Company Information**

### **The Company**

VPK Fond II K/S  
c/o Jon Erik Risvig  
Rugaards Skovvej 36  
DK-8680 Ry

CVR No: 40 48 27 76

Financial period: 1 January - 31 December

Municipality of reg. office: Skanderborg

### **On behalf of the General**

Anders Tvegaard

### **Partner: VPK Komplementar II ApS**

Jon Erik Risvig  
Klaus Bülow Davidsen

### **Auditors**

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Nobelparken  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

# Financial Highlights

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

	<b>Group</b>	
	2020 TDKK	2019* TDKK
<b>Key figures</b>		
<b>Profit/loss</b>		
Operating profit/loss	-15,790	-3,826
Profit/loss before financial income and expenses	-11,777	-3,827
Net financials	-4,704	-1,092
Net profit/loss for the year	-17,433	-5,180
<b>Balance sheet</b>		
Balance sheet total	238,448	151,189
Equity	135,981	58,915
<b>Cash flows</b>		
Cash flows from:		
- operating activities	4,873	-4,958
- investing activities	-62,955	-115,456
including investment in property, plant and equipment	-7,586	-3,522
- financing activities	63,365	122,726
Change in cash and cash equivalents for the year	5,283	2,312
Number of employees, at year end	77	72
<b>Ratios</b>		
Return on assets	-4.9%	-2.5%
Solvency ratio	57.0%	39.0%
Return on equity	-17.9%	-17.6%

\* Hjernø Værktøjsfabrik A/S and Hjernø Holding ApS are included in the consolidated figures from 1 July 2019. Sxlift A/S and SL Invest 2019 ApS are included in the consolidated figures from 1 September 2019.

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.



# Management's Review

## Key activities

The purpose of the Limited Partnership is to generate profits by conducting, monitoring, developing and realizing investments in companies, either directly or through wholly or partly owned holding companies.

## Development in the year

The income statement of the Group for 2020 shows a loss of TDKK 17,433, and at 31 December 2020 the balance sheet of the Group shows equity of TDKK 135,981. The Group results are impacted negatively by amortization of goodwill on investments.

The result for the year is less than expected due to the Covid-19 pandemic. In view of this, the result is considered acceptable.

## Expectations for the coming year

It is expected that the portfolio companies will develop positively. As a result of investments in the portfolio companies and amortization of goodwill, an accounting result in par with 2020 is expected.

## Income Statement 1 January - 31 December

	Note	Group		Parent Company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>Gross profit/loss</b>		<b>41,059</b>	<b>17,035</b>	<b>-10,120</b>	<b>-3,103</b>
Staff expenses	1	-41,947	-17,173	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	2	-10,773	-3,689	0	0
Other operating expenses		-116	0	0	0
<b>Profit/loss before financial income and expenses</b>		<b>-11,777</b>	<b>-3,827</b>	<b>-10,120</b>	<b>-3,103</b>
Income from investments in associates		-3,254	-710	0	0
Financial income	3	2	187	0	0
Financial expenses	4	-1,452	-569	-21	0
<b>Profit/loss before tax</b>		<b>-16,481</b>	<b>-4,919</b>	<b>-10,141</b>	<b>-3,103</b>
Tax on profit/loss for the year	5	-952	-261	0	0
<b>Net profit/loss for the year</b>		<b>-17,433</b>	<b>-5,180</b>	<b>-10,141</b>	<b>-3,103</b>

# Balance Sheet 31 December

## Assets

	Note	Group		Parent Company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Completed development projects		176	251	0	0
Goodwill		61,791	68,861	0	0
<b>Intangible assets</b>	6	<b>61,967</b>	<b>69,112</b>	<b>0</b>	<b>0</b>
Land and buildings		17,008	18,479	0	0
Other fixtures and fittings, tools and equipment		6,080	5,642	0	0
Leasehold improvements		3,448	3,726	0	0
<b>Property, plant and equipment</b>	7	<b>26,536</b>	<b>27,847</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	8	0	0	32,671	32,608
Investments in associates	9	69,523	12,090	73,776	13,148
Deposits	10	1,317	1,317	0	0
<b>Fixed asset investments</b>		<b>70,840</b>	<b>13,407</b>	<b>106,447</b>	<b>45,756</b>
<b>Fixed assets</b>		<b>159,343</b>	<b>110,366</b>	<b>106,447</b>	<b>45,756</b>
<b>Inventories</b>	11	<b>12,459</b>	<b>12,237</b>	<b>0</b>	<b>0</b>
Trade receivables		22,048	14,951	0	0
Contract work in progress	12	6,690	6,627	0	0
Receivables from associates		51	0	0	0
Other receivables		25,927	1,367	24,647	0
Corporation tax		129	406	0	0
Corporation tax receivable from group enterprises		1,376	0	0	0
Prepayments	13	183	276	61	58
<b>Receivables</b>		<b>56,404</b>	<b>23,627</b>	<b>24,708</b>	<b>58</b>
<b>Cash at bank and in hand</b>		<b>10,242</b>	<b>4,959</b>	<b>6,191</b>	<b>674</b>
<b>Currents assets</b>		<b>79,105</b>	<b>40,823</b>	<b>30,899</b>	<b>732</b>
<b>Assets</b>		<b>238,448</b>	<b>151,189</b>	<b>137,346</b>	<b>46,488</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent Company	
		2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
Limited partners' capital contribution		143,148	48,618	143,148	48,618
Revaluation reserve		0	483	0	0
Retained earnings		-21,292	-5,644	-13,244	-3,103
<b>Equity attributable to shareholders of the Parent Company</b>		<b>121,856</b>	<b>43,457</b>	<b>129,904</b>	<b>45,515</b>
Minority interests		14,125	15,458	0	0
<b>Equity</b>		<b>135,981</b>	<b>58,915</b>	<b>129,904</b>	<b>45,515</b>
Provision for deferred tax	15	2,212	2,497	0	0
<b>Provisions</b>		<b>2,212</b>	<b>2,497</b>	<b>0</b>	<b>0</b>
Credit institutions		39,333	53,999	0	0
Lease obligations		8,257	0	0	0
<b>Long-term debt</b>	16	<b>47,590</b>	<b>53,999</b>	<b>0</b>	<b>0</b>
Credit institutions	16	17,167	16,993	0	0
Lease obligations	16	3,558	3,655	0	0
Trade payables		12,412	5,606	7,178	382
Payables to associates		0	225	0	0
Payables to owners and Management		84	54	0	0
Corporation tax		2,731	443	0	0
Other payables		14,404	7,332	264	591
Deferred income	17	2,309	1,470	0	0
<b>Short-term debt</b>		<b>52,665</b>	<b>35,778</b>	<b>7,442</b>	<b>973</b>
<b>Debt</b>		<b>100,255</b>	<b>89,777</b>	<b>7,442</b>	<b>973</b>
<b>Liabilities and equity</b>		<b>238,448</b>	<b>151,189</b>	<b>137,346</b>	<b>46,488</b>
Distribution of profit	14				
Contingent assets, liabilities and other financial obligations	20				
Subsequent events	21				
Accounting Policies	22				

## Statement of Changes in Equity

### Group

	Limited partners' capital contribution	Revaluation reserve	Retained earnings	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	48,618	483	-5,644	43,457	15,458	58,915
Cash capital increase	94,530	0	0	94,530	0	94,530
Dissolution of previous years' revaluation	0	-483	483	0	0	0
Other equity movements	0	0	-2	-2	-29	-31
Net profit/loss for the year	0	0	-16,129	-16,129	-1,304	-17,433
<b>Equity at 31 December</b>	<b>143,148</b>	<b>0</b>	<b>-21,292</b>	<b>121,856</b>	<b>14,125</b>	<b>135,981</b>

### Parent company

Equity at 1 January	48,618	0	-3,103	45,515	0	45,515
Cash capital increase	94,530	0	0	94,530	0	94,530
Net profit/loss for the year	0	0	-10,141	-10,141	0	-10,141
<b>Equity at 31 December</b>	<b>143,148</b>	<b>0</b>	<b>-13,244</b>	<b>129,904</b>	<b>0</b>	<b>129,904</b>

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2020 TDKK	2019 TDKK
Net profit/loss for the year		-17,433	-5,180
Adjustments	18	16,339	5,389
Change in working capital	19	7,465	-2,012
<b>Cash flows from operating activities before financial income and expenses</b>		<b>6,371</b>	<b>-1,803</b>
Financial income		2	187
Financial expenses		-1,453	-567
<b>Cash flows from ordinary activities</b>		<b>4,920</b>	<b>-2,183</b>
Corporation tax paid		-47	-2,775
<b>Cash flows from operating activities</b>		<b>4,873</b>	<b>-4,958</b>
Purchase of intangible assets		-71	-264
Purchase of property, plant and equipment		-7,586	-3,522
Investments in associates		-60,638	-13,148
Sale of property, plant and equipment		5,340	0
Business acquisition		0	-98,522
<b>Cash flows from investing activities</b>		<b>-62,955</b>	<b>-115,456</b>
Repayment of loans from credit institutions		-14,491	-67,337
Repayment of other long-term debt		0	134,674
Changes in lease obligations		8,159	-9,719
Raising of loans from group enterprises		0	436
Changes in loans from associates		-225	225
Raising of loans from participating interests		30	4
Minority interests		0	15,825
Cash capital increase		69,892	48,618
<b>Cash flows from financing activities</b>		<b>63,365</b>	<b>122,726</b>
<b>Change in cash and cash equivalents</b>		<b>5,283</b>	<b>2,312</b>
Cash and cash equivalents at 1 January		4,959	2,647
<b>Cash and cash equivalents at 31 December</b>		<b>10,242</b>	<b>4,959</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10,242	4,959
<b>Cash and cash equivalents at 31 December</b>		<b>10,242</b>	<b>4,959</b>

# Notes to the Financial Statements

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>1 Staff expenses</b>				
Wages and salaries	35,125	14,479	0	0
Pensions	4,909	1,978	0	0
Other social security expenses	869	273	0	0
Other staff expenses	1,044	443	0	0
	<b>41,947</b>	<b>17,173</b>	<b>0</b>	<b>0</b>
<b>Year end number of employees</b>	<b>77</b>	<b>72</b>	<b>0</b>	<b>0</b>
VPK Fond II K/S does not remunerate the representatives of the General Partner.				
<b>2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment</b>				
Amortisation of intangible assets	7,216	2,148	0	0
Depreciation of property, plant and equipment	3,557	1,541	0	0
	<b>10,773</b>	<b>3,689</b>	<b>0</b>	<b>0</b>
<b>3 Financial income</b>				
Other financial income	2	187	0	0
	<b>2</b>	<b>187</b>	<b>0</b>	<b>0</b>
<b>4 Financial expenses</b>				
Interest paid to associates	3	0	0	0
Other financial expenses	1,449	569	21	0
	<b>1,452</b>	<b>569</b>	<b>21</b>	<b>0</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>5 Tax on profit/loss for the year</b>				
Current tax for the year	847	-281	0	0
Deferred tax for the year	105	542	0	0
	<b>952</b>	<b>261</b>	<b>0</b>	<b>0</b>

## 6 Intangible assets

### Group

	Completed development projects	Goodwill
	TDKK	TDKK
Cost at 1 January	718	70,696
Additions for the year	71	0
Cost at 31 December	789	70,696
Transfers for the year	0	0
Revaluations at 31 December	0	0
Impairment losses and amortisation at 1 January	467	1,835
Amortisation for the year	146	7,070
Impairment losses and amortisation at 31 December	613	8,905
<b>Carrying amount at 31 December</b>	<b>176</b>	<b>61,791</b>

Goodwill consists of positive differences that has occurred in connection with the acquisition of Hjernø Værktøjsfabrik A/S and Sax Lift A/S. It is Management's assessment that goodwill is to be depreciated over 10 years.



# Notes to the Financial Statements

## 7 Property, plant and equipment

### Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements
	TDKK	TDKK	TDKK
Cost at 1 January	31,250	9,490	4,767
Additions for the year	3,394	3,958	234
Disposals for the year	-9,895	-2,344	0
Cost at 31 December	24,749	11,104	5,001
Revaluations at 1 January	619	0	0
Reversals for the year of revaluations in previous years	-619	0	0
Revaluations at 31 December	0	0	0
Impairment losses and depreciation at 1 January	13,390	3,849	1,040
Depreciation for the year	1,853	1,191	513
Reversal of impairment and depreciation of sold assets	-7,502	-16	0
Impairment losses and depreciation at 31 December	7,741	5,024	1,553
<b>Carrying amount at 31 December</b>	<b>17,008</b>	<b>6,080</b>	<b>3,448</b>

### Parent Company

## 8 Investments in subsidiaries

	2020	2019
	TDKK	TDKK
Cost at 1 January	32,608	32,608
Additions for the year	63	0
<b>Carrying amount at 31 December</b>	<b>32,671</b>	<b>32,608</b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership	Equity	Net profit/loss for the year
Hjernø Holding ApS	Odense	60,255	66.70%	11,362,328	-518,811
Hjernø Værktøjsfabrik A/S	Odense	1,387,302	66.70%	23,886,896	436,585
SL invest 2019 ApS	Skanderborg	100,000	67.30%	32,442,648	-3,590,757
Sax Lift A/S	Vejen	500,000	67.30%	9,733,945	3,305,291

## Notes to the Financial Statements

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>9 Investments in associates</b>				
Cost at 1 January	13,148	13,148	13,148	13,148
Additions for the year	60,628	0	60,628	0
Cost at 31 December	73,776	13,148	73,776	13,148
Value adjustments at 1 January	-1,058	0	0	0
Net profit/loss for the year	-1,803	-315	0	0
Other equity movements, net	60	-348	0	0
Amortisation of goodwill	-1,452	-395	0	0
Value adjustments at 31 December	-4,253	-1,058	0	0
<b>Carrying amount at 31 December</b>	<b>69,523</b>	<b>12,090</b>	<b>73,776</b>	<b>13,148</b>
Positive differences arising on initial measurement of subsidiaries at net asset value	44,582	9,484	44,582	9,484
Remaining positive difference included in the above carrying amount at 31 December	43,103	9,089	44,582	9,484

Investments in associates are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
Bizbrains Holding ApS	Vejle	620	33.80%
Leadfamily ApS	Aarhus	100	15.60%
Roeq ApS	Odense	1,218	37.90%
Webshipper ApS	Silkeborg	71	41.94%

# Notes to the Financial Statements

## 10 Other fixed asset investments

	<b>Group Deposits</b>
	TDKK
Cost at 1 January	1,317
Cost at 31 December	1,317
<b>Carrying amount at 31 December</b>	<b>1,317</b>

	<b>Group</b>		<b>Parent Company</b>	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
<b>11 Inventories</b>				
Raw materials and consumables	1,724	1,292	0	0
Work in progress	8,498	10,336	0	0
Prepayments for goods	2,237	609	0	0
	<b>12,459</b>	<b>12,237</b>	<b>0</b>	<b>0</b>

## 12 Contract work in progress

Selling price of work in progress	12,283	12,385	0	0
Payments received on account	-5,593	-5,758	0	0
	<b>6,690</b>	<b>6,627</b>	<b>0</b>	<b>0</b>

## 13 Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

## 14 Distribution of profit

Minority interests' share of net profit/loss of subsidiaries	-1,304	-366	0	0
Retained earnings	-16,129	-4,814	-10,141	-3,103
	<b>-17,433</b>	<b>-5,180</b>	<b>-10,141</b>	<b>-3,103</b>

## Notes to the Financial Statements

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>15 Provision for deferred tax</b>				
Provision for deferred tax at 1 January	2,497	1,955	0	0
Amounts recognised in the income statement for the year	<u>-285</u>	<u>542</u>	<u>0</u>	<u>0</u>
<b>Provision for deferred tax at 31 December</b>	<b><u>2,212</u></b>	<b><u>2,497</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

### 16 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

#### Credit institutions

After 5 years	11,665	16,630	0	0
Between 1 and 5 years	<u>27,668</u>	<u>37,369</u>	<u>0</u>	<u>0</u>
Long-term part	39,333	53,999	0	0
Other short-term debt to credit institutions	<u>17,167</u>	<u>16,993</u>	<u>0</u>	<u>0</u>
	<b><u>56,500</u></b>	<b><u>70,992</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

#### Lease obligations

After 5 years	1,180	0	0	0
Between 1 and 5 years	<u>7,077</u>	<u>0</u>	<u>0</u>	<u>0</u>
Long-term part	8,257	0	0	0
Within 1 year	<u>3,558</u>	<u>3,655</u>	<u>0</u>	<u>0</u>
	<b><u>11,815</u></b>	<b><u>3,655</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

### 17 Deferred income

Deferred income comprises payments received in respect of income in subsequent years. Deferred income is measured at cost.

## Notes to the Financial Statements

	Group	
	2020 TDKK	2019 TDKK
<b>18 Cash flow statement - adjustments</b>		
Financial income	-2	-187
Financial expenses	1,452	569
Depreciation, amortisation and impairment losses, including losses and gains on sales	10,772	3,688
Income from investments in associates	3,254	710
Tax on profit/loss for the year	952	261
Other adjustments	-89	348
	<b>16,339</b>	<b>5,389</b>

### 19 Cash flow statement - change in working capital

Change in inventories	-221	275
Change in receivables	-7,027	1,545
Change in trade payables, etc	14,713	-3,832
	<b>7,465</b>	<b>-2,012</b>

	Group		Parent Company	
	2020 TDKK	2019 TDKK	2020 TDKK	2019 TDKK
<b>20 Contingent assets, liabilities and other financial obligations</b>				

#### Charges and security

The following assets have been placed as security with mortgage credit institutes:

For Hjernø Værktøjsfabrik A/S' account with Sparekassen Kronjylland, Hjernø Værktøjsfabrik A/S has given below as security:

TDKK 6,000, floating charge with security in the stock of raw materials, semimanufactures and finished goods, fuel and ancillary material, unsecured debts stemming from sale of goods and services, vehicles which are not or have not previously been registered, goodwill, domains, rights according to the Act of Patents, the Act of Trade Marks, the Act of Design, the Act of Utility Models, (topography), as well as operating fixtures, plant and machinery.

The following assets have been placed as security with credit institutions:

Shares in Sax Lift A/S amounting to (measured at the equity method)	66,845	71,083	0	0
Shares in Hjernø Værktøjsfabrik A/S, amounting (measured at the equity method)	28,567	29,156	0	0

## Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
<b>20 Contingent assets, liabilities and other financial obligations</b> (continued)				
<b>Rental and lease obligations</b>				
Lease obligations under operating leases. Total future lease payments:				
Within 1 year	608	998	0	0
Between 1 and 5 years	115	12	0	0
	<b>723</b>	<b>1,010</b>	<b>0</b>	<b>0</b>
Rent obligation, non-cancellation period	1,365	1,991	0	0

### Other contingent liabilities

Sax Lift A/S and SL Invest 2019 ApS are joint taxated, and the companies are jointly and severally liable for tax on the jointly taxed incomes etc of each other. Moreover, the companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

Hjernø Værktøjsfabrik A/S and Hjernø Holding ApS are joint taxated, and the companies are jointly and severally liable for tax on the jointly taxed incomes etc of each other. Moreover, the companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

### 21 Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 22 Accounting Policies

The Annual Report of VPK Fond II K/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in TDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

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

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

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

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, VPK Fond II K/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

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

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

### Leases

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

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

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

### Translation policies

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

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

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



# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Income Statement

#### Revenue

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

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

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

#### Expenses for raw materials and consumables

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

#### Other external expenses

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

#### Staff expenses

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

#### Amortisation, depreciation and impairment losses

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

#### Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### **Income from investments in associates**

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

### **Financial income and expenses**

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

### **Tax on profit/loss for the year**

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

The Company is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable incomes.

## **Balance Sheet**

### **Intangible assets**

#### ***Development projects, patents and licences***

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company’s development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item “Reserve for development costs”. The reserve comprises only development costs recognised in financial years beginning on or after 1 January 2016. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 years.

### **Goodwill**

Goodwill is amortised on a straight-line basis over the estimated useful life of 10 years, determined on the basis of Management's experience with the individual business areas.

### **Property, plant and equipment**

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

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

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

Plant and machinery	5-12	years
Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	10	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

### **Impairment of fixed assets**

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

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

### **Investments in subsidiaries and associates**

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Investments in associates are recognised and measured under the equity method in the Consolidated Financial Statements and at cost in the parent company. Where cost exceeds the recoverable amount,

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

write-down is made to this lower value.

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

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

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

### Other fixed asset investments

Other fixed asset investments consist of deposits.

### Inventories

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

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

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

### Receivables

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

### Contract work in progress

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

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expen-

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

ses incurred and net realisable value.

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

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

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Equity

#### Deferred tax assets and liabilities

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

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

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

#### Current tax receivables and liabilities

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

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Financial debts

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

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

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

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

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

### Cash flows from operating activities

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

### Cash flows from investing activities

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

### Cash flows from financing activities

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

# Notes to the Financial Statements

## 22 Accounting Policies (continued)

### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

### Financial Highlights

#### Explanation of financial ratios

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