

**Hans Hellstrøm  
Henningsen Holding ApS**

Stationsvej 5  
4295 Stenlille  
Central Business Registration  
No 40730885

**Annual report 2019**

The Annual General Meeting adopted the annual report on 28.08.2020

**Chairman of the General Meeting**

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Name: Hans Hellstrøm Henningsen

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## Entity details

### Entity

Hans Hellstrøm Henningsen Holding ApS  
Stationsvej 5  
4295 Stenlille

Central Business Registration No (CVR): 40730885  
Registered in: Sorø  
Financial year: 01.01.2019 - 31.12.2019

### Executive Board

Hans Hellstrøm Henningsen

### Auditors

Deloitte Statsautoriseret Revisionspartnerselskab  
Weidekampsgade 6  
Postboks 1600  
0900 København C

## **Statement by Management on the annual report**

The Executive Board have today considered and approved the annual report of Hans Hellstrøm Henningsen Holding ApS for the financial year 01.01.2019 - 31.12.2019.

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

In my opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

I believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

I recommend the annual report for adoption at the Annual General Meeting.

Stenlille, 28.08.2020

### **Executive Board**

Hans Hellstrøm Henningsen

## Independent auditor's report

### To the shareholder of Hans Hellstrøm Henningsen Holding ApS

#### Opinion

We have audited the consolidated financial statements and the parent financial statements of Hans Hellstrøm Henningsen Holding ApS for the financial year 01.01.2019 - 31.12.2019, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2019, and of the results of their operations and the consolidated cash flows for the financial year 01.01.2019 - 31.12.2019 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 financial statements section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

#### Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

## Independent auditor's report

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 these parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

## Independent auditor's report

### Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Copenhagen, 28.08.2020

### Deloitte

Statsautoriseret Revisionspartnerselskab  
Central Business Registration No (CVR) 33963556

René Carøe Andersen  
State Authorised Public Accountant  
Identification No (MNE) mne34499

Ane Sachs Aasand  
State Authorised Public Accountant  
Identification No (MNE) mne42783

## Management commentary

**2019**  
**DKK'000**

### Financial highlights

#### Key figures

Revenue	173.194
Gross profit/loss	98.716
Operating profit/loss	11.401
Net financials	2.114
Profit/loss for the year	11.415
Total assets	175.721
Investments in property, plant and equipment	259.524
Equity	127.031
Cash flows from (used in) operating activities	(31.790)
Cash flows from (used in) investing activities	4.953
Cash flows from (used in) financing activities	30.788
Average numbers of employees	215

#### Ratios

Gross margin (%)	57,0
Net margin (%)	6,6
Return on equity (%)	9,0
Equity ratio (%)	72,3
Revenue per employee	805,6

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

Ratios	Calculation formula	Calculation formula reflects
Gross margin (%)	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$	The entity's operating gearing.
Net margin (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Revenue}}$	The entity's operating profitability.
Return on equity (%)	$\frac{\text{Profit/loss for the year} \times 100}{\text{Average equity}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity} \times 100}{\text{Total assets}}$	The financial strength of the entity.
Revenue per employee	$\frac{\text{Revenue}}{\text{Average number of employees}}$	The entity's productivity



## Management commentary

### Primary activities

The primary activities of the Group comprise the development, manufacturing and sale of protective solutions, which are sold mainly on the European market. The production is carried out primarily in Denmark, and sales are carried out through enterprises in Denmark, six other European countries, North America and Asia; see the group chart on page 8.

### Development in activities and finances

The Company continued to develop and expand the organization in line with the overall strategy. Following the consolidation of the European warehouse and logistics activities, the Company expanded the facility in Poland to 9,000 m<sup>2</sup> ready for expanding production in 2020. The company also continued to expand its global commercial footprint and capabilities.

As expected, the Group's revenue for the year ended at DKK 173,194 thousand. The consolidated profit for the year ended at DKK 11,415 thousand.

### Uncertainty relating to recognition and measurement

The valuation of assets and liabilities is made in accordance with current accounting policies and Management of DBI Holding A/S is of the opinion that no uncertainty is related to recognition and measurement.

### Unusual circumstances affecting recognition and measurement

There have been no unusual circumstances affecting recognition and measurement in the financial year 2019.

### Outlook

The overall strategy progression continues as planned, and is expected to gradually improve both growth rates and results. The uncertainty from current global market conditions, notably the impact from COVID-19, is likely to have a delaying effect. It is at this stage impossible to assess the duration and impact of the COVID-19. A number of customers have been closed and are now starting to open up their production facilities again, so we hope the impact is of a temporary nature.

### Particular risks

The Group's activities do not involve any particular risks; neither operating nor financial risks. As the main part of transactions is carried out in euro, the Group's activities are not considered to involve any special foreign exchange risks.

### Intellectual capital resources

The Group employs the needed number of employees with relevant qualifications who possess considerable know-how of the Group's products and production. Further and supplementary training is provided to the extent necessary.

### Environmental performance

The manufacturing company is environmentally certified under ISO 14001 and, moreover, also under ISO 9001, ISO 50001 and IATF 16949. The Group's activities do not have any material environmental impact.

## Management commentary

### Events after the balance sheet date

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

## Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>
Revenue		173.194.178
Costs of raw materials and consumables		(38.394.476)
Other external expenses		(36.084.089)
<b>Gross profit/loss</b>		<b>98.715.613</b>
Staff costs	1	(72.941.649)
Depreciation, amortisation and impairment losses	2	(14.373.021)
<b>Operating profit/loss</b>		<b>11.400.943</b>
Other financial income		4.424.252
Other financial expenses		(2.310.646)
<b>Profit/loss before tax</b>		<b>13.514.549</b>
Tax on profit/loss for the year	3	(2.099.285)
<b>Profit/loss for the year</b>	4	<b>11.415.264</b>

## Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>
Land and buildings		37.849.535
Plant and machinery		23.714.194
Other fixtures and fittings, tools and equipment		6.620.139
Leasehold improvements		340.625
Property, plant and equipment in progress		2.141.125
<b>Property, plant and equipment</b>	<b>5</b>	<b>70.665.618</b>
Other investments		8.223.632
Deposits		683.440
Other receivables		2.300.000
Deferred tax	7	1.281.648
<b>Fixed asset investments</b>	<b>6</b>	<b>12.488.720</b>
<b>Fixed assets</b>		<b>83.154.338</b>
Raw materials and consumables		6.740.686
Manufactured goods and goods for resale		30.814.179
<b>Inventories</b>		<b>37.554.865</b>
Trade receivables		38.237.125
Contract work in progress	8	2.585.186
Other receivables		1.168.226
Income tax receivable		688.482
Prepayments		110.222
<b>Receivables</b>		<b>42.789.241</b>
<b>Cash</b>		<b>12.222.199</b>
<b>Current assets</b>		<b>92.566.305</b>
<b>Assets</b>		<b>175.720.643</b>

## Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>
Contributed capital		40.000
Retained earnings		55.223.764
Proposed dividend		110.600
<b>Equity attributable to the Parent's owners</b>		<b>55.374.364</b>
<b>Share of equity attributable to minority interests</b>		<b>71.656.821</b>
<b>Equity</b>		<b>127.031.185</b>
Other provisions	9	525.396
<b>Provisions</b>		<b>525.396</b>
Mortgage debt		16.512.291
<b>Non-current liabilities other than provisions</b>		<b>16.512.291</b>
Bank loans		8.271.023
Trade payables		7.675.181
Payables to shareholders and management		999
Income tax payable		229.735
Other payables		15.474.833
<b>Current liabilities other than provisions</b>		<b>31.651.771</b>
<b>Liabilities other than provisions</b>		<b>48.164.062</b>
<b>Equity and liabilities</b>		<b>175.720.643</b>
Unrecognised rental and lease commitments	11	
Assets charged and collateral	12	
Subsidiaries	13	

## Consolidated statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK
Contributed upon formation	40.000	0	0
Effect of mergers and business combinations	0	52.042.993	0
Exchange rate adjustments	0	240.436	0
Other entries on equity	0	(29.309)	0
Profit/loss for the year	0	2.969.644	110.600
<b>Equity end of year</b>	<b>40.000</b>	<b>55.223.764</b>	<b>110.600</b>

  

	Share of equity attributable to minority interests DKK	Total DKK
Contributed upon formation	0	40.000
Effect of mergers and business combinations	63.223.132	115.266.125
Exchange rate adjustments	186.596	427.032
Other entries on equity	(87.927)	(117.236)
Profit/loss for the year	8.335.020	11.415.264
<b>Equity end of year</b>	<b>71.656.821</b>	<b>127.031.185</b>

## Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>
Operating profit/loss		11.460.943
Amortisation, depreciation and impairment losses		14.604.907
Other provisions		(525.396)
Working capital changes	10	(58.985.903)
<b>Cash flow from ordinary operating activities</b>		<b>(33.445.449)</b>
Financial income received		4.424.252
Financial expenses paid		(2.310.646)
Income taxes refunded/(paid)		(458.499)
<b>Cash flows from operating activities</b>		<b>(31.790.342)</b>
Acquisition etc of property, plant and equipment		(17.899.999)
Sale of property, plant and equipment		227.893
Acquisition of fixed asset investments		(1.685.989)
Sale of fixed asset investments		4.311.572
Other cash flows from investing activities		20.000.000
<b>Cash flows from investing activities</b>		<b>4.953.477</b>
Loans raised		8.271.023
Repayments of loans etc		(5.387.500)
Addition cash through business combinations		27.904.518
<b>Cash flows from financing activities</b>		<b>30.788.041</b>
<b>Increase/decrease in cash and cash equivalents</b>		<b>3.951.176</b>
<b>Cash and cash equivalents end of year</b>		<b>3.951.176</b>
Cash and cash equivalents at year-end are composed of:		
Cash		12.222.199
Short-term debt to banks		(8.271.023)
<b>Cash and cash equivalents end of year</b>		<b>3.951.176</b>

## Notes to consolidated financial statements

	<b>2019 DKK</b>
<b>1. Staff costs</b>	
Wages and salaries	66.300.775
Pension costs	2.304.983
Other social security costs	3.550.373
Other staff costs	785.518
	<b>72.941.649</b>
 Average number of employees	 <b>216</b>
	 <b>Remunera- tion of manage- ment 2019 DKK</b>
Total amount for management categories	2.908.463
	<b>2.908.463</b>
	 <b>2019 DKK</b>
<b>2. Depreciation, amortisation and impairment losses</b>	
Depreciation of property, plant and equipment	14.604.907
Profit/loss from sale of intangible assets and property, plant and equipment	(231.886)
	<b>14.373.021</b>
	 <b>2019 DKK</b>
<b>3. Tax on profit/loss for the year</b>	
Current tax	1.998.322
Change in deferred tax	68.352
Adjustment concerning previous years	32.611
	<b>2.099.285</b>
	 <b>2019 DKK</b>
<b>4. Proposed distribution of profit/loss</b>	
Ordinary dividend for the financial year	110.600
Retained earnings	2.969.644
Minority interests' share of profit/loss	8.335.020
	<b>11.415.264</b>



## Notes to consolidated financial statements

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improve- ments DKK
<b>5. Property, plant and equipment</b>				
Addition through business combinations etc	60.310.703	159.914.070	9.577.350	11.091.600
Exchange rate adjustments	0	0	47.562	0
Additions	0	11.106.400	5.383.237	0
Disposals	0	(2.128.069)	(800.133)	0
<b>Cost end of year</b>	<b>60.310.703</b>	<b>168.892.401</b>	<b>14.208.016</b>	<b>11.091.600</b>
Addition through business combinations etc	(20.913.972)	(136.420.050)	(6.996.654)	(9.717.106)
Exchange rate adjustments	0	0	(25.847)	0
Depreciation for the year	(1.547.196)	(10.886.226)	(1.137.616)	(1.033.869)
Reversal regarding disposals	0	2.128.069	572.240	0
<b>Depreciation and impairment losses end of year</b>	<b>(22.461.168)</b>	<b>(145.178.207)</b>	<b>(7.587.877)</b>	<b>(10.750.975)</b>
<b>Carrying amount end of year</b>	<b>37.849.535</b>	<b>23.714.194</b>	<b>6.620.139</b>	<b>340.625</b>
				<b>Property, plant and equipment in progress DKK</b>
<b>5. Property, plant and equipment</b>				
Addition through business combinations etc				730.763
Exchange rate adjustments				0
Additions				1.410.362
Disposals				0
<b>Cost end of year</b>				<b>2.141.125</b>
Addition through business combinations etc				0
Exchange rate adjustments				0
Depreciation for the year				0
Reversal regarding disposals				0
<b>Depreciation and impairment losses end of year</b>				<b>0</b>
<b>Carrying amount end of year</b>				<b>2.141.125</b>

## Notes to consolidated financial statements

	Other investments DKK	Deposits DKK	Other receivables DKK	Deferred tax DKK
<b>6. Fixed asset investments</b>				
Addition through business combinations etc	10.271.147	298.869	1.000.000	1.350.000
Additions	0	356.368	1.300.000	0
Disposals	(3.202.100)	29.621	0	(68.352)
<b>Cost end of year</b>	<b>7.069.047</b>	<b>684.858</b>	<b>2.300.000</b>	<b>1.281.648</b>
Addition through business combinations etc	390.938	0	0	0
Fair value adjustments	763.647	0	0	0
<b>Revaluations end of year</b>	<b>1.154.585</b>	<b>0</b>	<b>0</b>	<b>0</b>
Addition through business combinations etc	0	(1.418)	0	0
<b>Impairment losses end of year</b>	<b>0</b>	<b>(1.418)</b>	<b>0</b>	<b>0</b>
<b>Carrying amount end of year</b>	<b>8.223.632</b>	<b>683.440</b>	<b>2.300.000</b>	<b>1.281.648</b>
				<b>2019 DKK</b>
<b>7. Deferred tax</b>				
Property, plant and equipment				631.000
Inventories				220.000
Receivables				(4.000)
Provisions				434.648
				<b>1.281.648</b>
<b>Changes during the year</b>				
Additions through business combinations etc.				1.350.000
Additions				(68.352)
<b>End of year</b>				<b>1.281.648</b>
Deferred tax assets are recognized on the basis of expected realized income from sales. The revenue base justify recognition of the tax assets.				
				<b>2019 DKK</b>
<b>8. Contract work in progress</b>				
Contract work in progress				3.312.397
Progress billings regarding contract work in progress				(727.211)
				<b>2.585.186</b>

## Notes to consolidated financial statements

### 9. Other provisions

Other provisions relate to restructuring liability.

### 10. Change in working capital

	<b>2019 DKK</b>
Increase/decrease in inventories	(37.554.865)
Increase/decrease in receivables	(42.100.759)
Increase/decrease in trade payables etc	20.731.487
Other changes	(61.766)
	<b>(58.985.903)</b>

### 11. Unrecognised rental and lease commitments

Liabilities under rental or lease agreements until maturity in total

<b>2019 DKK</b>
<b>11.262.789</b>

### 12. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties. The mortgage also comprises the plant and machinery deemed part of the property.

The carrying amount of mortgaged properties amounts to DKK 37.850 thousand.

## Notes to consolidated financial statements

	<u>Registered in</u>	<u>Corpo- rate form</u>	<u>Equity inte- rest %</u>	<u>Equity DKK</u>	<u>Profit/loss DKK</u>
<b>13. Subsidiaries</b>					
Henningsen Invest ApS	Charlottenlund	ApS	100,0	12.509.983	1.550.540
Henningsen Invest 2 ApS	Stenlille	ApS	100,0	20.214.000	214.000
DBI Holding A/S	Stenlille	A/S	100,0	114.569.921	9.890.574
DBI Plastics Group A/S	Stenlille	A/S	100,0	93.025.112	8.777.716
DBI Properties ApS	Stenlille	ApS	100,0	21.943.776	1.312.470
DBI Plastics A/S	Stenlille	A/S	100,0	52.928.226	4.578.679
DBI Plastics GmbH	Germany	GmbH	100,0	2.688.257	751.452
DBI Plastics SARL	France	SARL	100,0	2.665.810	223.706
DBI Plastics Ltd.	United Kingdom	Ltd.	100,0	745.303	139.280
DBI Plastics Sp. Z.o.o	Poland	Sp. Z.o.o.	100,0	21.023.620	1.784.383
DBI Plastics SL	Spain	SL	100,0	3.243.846	473.057
DBI Plastics N.A. Inc.	United States of America	Inc.	100,0	(1.037.452)	535.020
DBI Plastics (Shanghai) Co. Ltd.	China	Co. Ltd.	100,0	776.208	593.816

## Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK</u>
Other external expenses		(7.500)
<b>Operating profit/loss</b>		<b>(7.500)</b>
Other financial expenses		(300.000)
<b>Profit/loss before tax</b>		<b>(307.500)</b>
Tax on profit/loss for the year		67.650
<b>Profit/loss for the year</b>	2	<b>(239.850)</b>

## Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>
Investments in group enterprises		78.820.861
<b>Fixed asset investments</b>	3	<b>78.820.861</b>
<b>Fixed assets</b>		<b>78.820.861</b>
Income tax receivable		676.207
Joint taxation contribution receivable		3.676.868
<b>Receivables</b>		<b>4.353.075</b>
<b>Current assets</b>		<b>4.353.075</b>
<b>Assets</b>		<b>83.173.936</b>

## Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK</u>
Contributed capital		40.000
Retained earnings		58.407.543
Proposed dividend		110.600
<b>Equity</b>		<b>58.558.143</b>
Income tax payable		185.735
<b>Non-current liabilities other than provisions</b>		<b>185.735</b>
Payables to group enterprises		21.403.760
Other payables		3.026.298
<b>Current liabilities other than provisions</b>		<b>24.430.058</b>
<b>Liabilities other than provisions</b>		<b>24.615.793</b>
<b>Equity and liabilities</b>		<b>83.173.936</b>
Staff costs	1	
Contingent liabilities	4	

## Parent statement of changes in equity for 2019

	Contributed capital DKK	Retained earnings DKK	Proposed dividend DKK	Total DKK
Contributed upon formation	40.000	58.757.993	0	58.797.993
Profit/loss for the year	0	(350.450)	110.600	(239.850)
<b>Equity end of year</b>	<b>40.000</b>	<b>58.407.543</b>	<b>110.600</b>	<b>58.558.143</b>



## Notes to parent financial statements

	<b>2019</b>
<b>1. Staff costs</b>	
Average number of employees	<b>0</b>
	<b>2019 DKK</b>
<b>2. Proposed distribution of profit/loss</b>	
Ordinary dividend for the financial year	110.600
Retained earnings	(350.450)
	<b>(239.850)</b>
	<b>Invest- ments in group enterprises DKK</b>
<b>3. Fixed asset investments</b>	
Addition through business combinations etc	78.820.861
<b>Cost end of year</b>	<b>78.820.861</b>
<b>Carrying amount end of year</b>	<b>78.820.861</b>

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

#### 4. Contingent liabilities

The Company participates in a Danish joint taxation arrangement where Hans Hellstrøm Henningsen Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc for the jointly taxed entities, and for obligations, if any, relating to the withholding of tax on interest, royalties and dividend for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

## Accounting policies

### Reporting class

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

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

### Non-comparability

Changed presentation has been made in the comparative figures. The change affects property, plant and equipment in progress and contract work in progress. The change has no effect on gross profit, results, assets, equity or liabilities.

### Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

### Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date.

### Income statement

#### Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

## Accounting policies

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

### **Costs of raw materials and consumables**

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

### **Other external expenses**

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

### **Staff costs**

Staff costs comprise salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

### **Depreciation, amortisation and impairment losses**

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, as well as gains and losses from the sale of property, plant and equipment.

### **Income from investments in group enterprises**

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of internal profits or losses.

### **Other financial income**

Other financial income comprises, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

### **Other financial expenses**

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

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

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## Accounting policies

### Balance sheet

#### Property, plant and equipment

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For self-manufactured assets, cost comprises direct and indirect costs of materials, components, subsuppliers and labour costs.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	30 years
Plant and machinery	3-7 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

#### Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

## Accounting policies

### Receivables

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

### Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date.

### Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carry forwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

### Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

### Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

## Accounting policies

Costs of sales work and of securing contracts as well as finance costs are recognised in the income statement as incurred.

### Income tax payable or receivable

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

### Prepayments

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

### Cash

Cash comprises cash in hand and bank deposits.

### Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

### Minority interests

Minority interests consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

### Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments, returns, loss on contract work in progress, decided and published restructuring, etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

On acquisition of enterprises and investments in group enterprises, provisions are made for costs relating to restructuring in the acquired enterprise that were decided and published at the acquisition date at the latest.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

### Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

## Accounting policies

### Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

### Other financial liabilities

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

### Cash flow statement

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

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

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

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

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.