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BSB Group A/S

Industrivej 7
6640 Lunderskov
CVR No. 41966262

Annual report 2020

The Annual General Meeting adopted the annual report on 26.05.2021

Jesper Knudsen
Chairman of the General Meeting

Contents

Entity details

Entity

BSB Group A/S

Industrivej 7

6640 Lunderskov

Business Registration No.: 41966262

Registered office: Kolding

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Jesper Knudsen, Chairman

Benny Elneff

Bjarne Elneff

Executive Board

Teddy Norsgaard Jørgensen, Chief executive officer

Bank

Danske Bank A/S, Finanscenter Trekantområdet

Havneparken 3

7100 Vejle

Lawyer

Andersen Partners

Jernbanegade 31

6000 Kolding

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Egtved Allé 4

6000 Kolding

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of BSB Group A/S for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

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

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

Lunderskov, 26.05.2021

Executive Board

Teddy Norsgaard Jørgensen
Chief executive officer

Board of Directors

Jesper Knudsen
Chairman

Benny Elneff

Bjarne Elneff

Independent auditor's report

To the shareholders of BSB Group A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of BSB Group A/S for the financial year 01.01.2020 - 31.12.2020, 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 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group in accordance with the International Ethics Standards Board of Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

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

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

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Entity to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Kolding, 26.05.2021

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Morten Almtoft Lund
State Authorised Public Accountant
Identification No (MNE) mne41365

Management commentary

Financial highlights

	2020 DKK'000
Key figures	
Revenue	553,665
Gross profit/loss	146,122
Operating profit/loss	62,334
Net financials	(2,721)
Profit/loss for the year	48,260
Balance sheet total	326,805
Investments in property, plant and equipment	152,963
Equity	149,911
Ratios	
Gross margin (%)	26.39
EBIT margin (%)	11.26
Net margin (%)	8.72
Return on equity (%)	32,19
Equity ratio (%)	45.87

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

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

EBIT margin (%):
Operating profit/loss * 100
Revenue

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

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

Equity ratio (%):
Equity * 100

Balance sheet total

Primary activities

The Group’s primary activity is to provide total solutions in steel, stainless steel and aluminum. The Group provides complete innovative solutions to the global market.

Development in activities and finances

The Group's activity for 2020 has exceeded expectations and, as a result, the financial performance has also been above expectations. The reason is that there has been a great demand for the Group’s products and services. There has been a large demand for the Group's services/products that is related to total solutions, and this area has especially contributed to the growth.

Outlook

The Group operates in a highly competitive market, but a market with high activity. In beginning of 2021 the industry has seen large price increases on raw material, and it means a more challenging market. The activity level is expected to be slightly higher than in 2020. Earnings are expected to be realised at the same level as in recent years.

Statutory report on corporate social responsibility

Business model

The Group’s primary activity is to provide total solutions in steel, stainless steel and aluminum. The Group provides complete innovative solutions to the global market. The Group has modern machinery and a staff with high expertise in various factories.

Environment

The Group gives high priority to the environment and wants to be an environmentally friendly business partner, which is natural in the industry where the Group operates. The Group’s strategy is to work continuously with the entire value chain. We believe that our most significant environmental risks relate to our energy consumption, as we as a production company have a high energy and material consumption, which we try to reduce by cutting consumption through the following initiatives:

- Material and increased recycling
- CO2 reduction
- Energy optimisation
- Waste optimisation
- Substitution of chemicals to avoid negative impact on the environment.

The Group was in 2020 certified to ISO 14001/45001 (environment and occupational health and safety management systems). The Company puts the environment and climate high on the agenda, continuously trying to reduce energy consumption, and in recent years, production has run entirely on green energy produced by wind turbines. LED lighting has been installed, and in 2020 air-to-air heat pumps to replace gas was installed. Together with external energy consultants a smaller number of energy-optimized investments was also implemented. The Group has a strategic objective of meeting several of the UN’s 17 SDGs including:

- Goal 7; Affordable and clean energy
- Goal 12; Responsible consumption and production
- Goal 13; Climate action

Health, safety, environment

The Group wants to provide good working conditions for its employees, and therefore it is the Group’s policy to create a safe and healthy workplace, where the involvement of employees in relation to quality, environment, health and social conditions is a natural way of working. The Group has a flat organisation that promotes a safe and healthy working environment at all levels of the Group. The Group works with competency development of its employees and makes them aware of their important role in meeting customer demand and requirements.

It is the Group's assessment that it has maintained a safe and healthy working environment in 2020. In August 2020, the Group was certified within working environment (ISO 45001), which will contribute to ensuring a healthy, safe and motivating working environment going forward. On an internal basis, the Group measures occupational accidents, near-misses, illness and employee satisfaction, and these target figures support the above.

The most important risks relate to occupational accidents, which the Group tries to reduce by training the employees in health and safety.

Employees' motivation and mental working environment may be subject to a significant risk, but through competency development and employee involvement, the Group tries to create a motivating working environment. Moreover, the Group is working with external business partners to ensure an optimal physical and mental working environment.

Code of Conduct

Introduction
Respect for and compliance with the law takes a high priority for the Group and complying with the various legal and regulatory frameworks that apply in the jurisdictions where it operates, the Group can protect its integrity and reputation.

Purpose of the Code of Conduct
The Code of Conduct is a collection of rules and policy statements intended to assist employees in their daily decision making. It sets forth guidelines for how to behave in relation to customers, suppliers, the authorities and other stakeholders

The Code of Conduct applies to all entities and employees in the Group, and it is important that every employee understands and complies with the Code of Conduct. To ensure that every employee is familiar with the Code of Conduct, each manager is responsible for seeing that it is known and adhered to within their respective team.

Violation of the Code of Conduct
Failure to comply with the Code of Conduct may expose employees and the Group to reputational damage as well as to legal and regulatory sanctions. Disciplinary proceedings in case of severe compliance misconduct may result in a reprimand, fine or dismissal.

Human rights
The Group adheres to all relevant laws and regulations aimed at the protection and promotion of human rights globally and at work.

The Group sees its employees as its greatest asset. Each employee is valuable and together they form the foundation for the Company's success.

It is important that employees treat everyone with dignity and respect. The Group does not accept discrimination based upon ethnic background, gender, religion, age or sexual orientation. Discriminatory behavior or harassment of any kind is not tolerated.

We train our employees in human rights, respect their right to freedom of association, and recognise the right to be member of a union or other collective bargaining group.

The Group is convinced that in 2020 there has not been any breaches with human rights.

There is risk that our suppliers is not complying to the human rights, which the Group is trying to meet by signing contracts with our suppliers before start up cooperation to make sure that the human rights is respected.

Child labor
The Group supports all efforts to eliminate child labor in the long term. In the meantime, we will ensure that the UN Convention on the Rights of the Child is respected in all activities we take part in.

The Group requires a minimum age of 15 years for employees, and children aged 15-18 can never do strenuous or potentially hazardous work tasks. Moreover, children aged 15-18 must always be supervised and supported with training and frequent dialogues with their superiors. The best interest of the child is always priority.

Anti-corruption, bribery and fraud
The Group condemns corruption in all its forms and does not tolerate it in its business or with its business partners. If employees are involved in bribery or corruption, they may find themselves personally criminally liable and subject to disciplinary action.

The three following principles apply:

- The Group and its employees do not accept or solicit bribes in any form.
- The Group does not make, and will not accept, facilitation payments or kickbacks of any kind.
- The Group's employees do not give or receive gifts above token value apart from gifts given or received in specific situations.

The line between right and wrong can sometimes be difficult to draw because of variations in local culture, customs and habits. If in doubt, employees should refer their concerns to their manager.

The Group does not tolerate any form of fraud, including theft, embezzlement, money laundering or misuse of the Group's property.

In 2020 there has not been any kind of corruption in the Group.

In some countries there can be a higher risk for corruption. The Group are signing contracts with their suppliers where they need to make sure that they have not had any problem with corruption. For all main suppliers there will be an onsite audit to make sure that they are fulfilled all requirements that has been provided by the Group.

Gifts and entertainment
From time to time in the normal course of business relations, gifts (including entertainment) are offered, given and received. All employees must exercise great care with respect to gifts to and from customers, suppliers or others with whom they come into professional contact.

Dealing with confidential information
All employees have a legal duty to safeguard confidential information, regardless of whether it is obtained from customers, associates, suppliers or sources within the Group. Confidential information must not be disclosed to third parties without the owner's consent.

Relations with suppliers
The Group wants to help promote social and environmental improvements at our suppliers.

The Group expects that our suppliers comply with national laws and internationally recognized standards and conventions for ethical, environmental and social conditions.

Relations with customers
The aim is to ensure that customers trust the Group and experience value-creating relations.
All communications through all channels to all target groups should be open, truthful and unambiguous.

Managing complaints
The Group must deal with complaints from customers or former customers promptly and fairly and in accordance with applicable laws and regulations. The Group has developed procedures to support this process.

Statutory report on the underrepresented gender
The Group wants to give equal conditions for all regardless of religion, ethnic origin or gender. Therefore, gender is taken into account in the selection process when recruiting or appointing, but the primary criteria for hiring will be competencies and personality. An important consideration is that the Group operates in an industry where management at all levels primarily consists of men, which may be a challenge in a recruitment process when selecting the best competences and still favouring the underrepresented gender. As laid down in the Group's strategy, the Group has a goal that no gender should be represented by less than 25% at all management levels.

In the Group's senior management, the gender distribution was 0 women and 4 men. The target figure for 2020 has not been reached since there has been no replacement on the Group's board of directors.
The Group's goal is to increase the number of female board members by 1 and will make an effort to reach this goal by the financial year 2023.

At the Group's other management levels, the gender distribution was 2 woman and 9 men. The Company's goal is to increase the number of female management members by 1 and will make an effort to reach this goal by the financial year 2023.

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

Consolidated income statement for 2020

	Notes	2020 DKK
Revenue	2	553,665,130
Other operating income		3,018,703
Costs of raw materials and consumables		(383,008,850)
Other external expenses	3	(27,553,253)
Gross profit/loss		**146,121,730**
Staff costs	4	(73,147,996)
Depreciation, amortisation and impairment losses	5	(10,640,078)
Operating profit/loss		**62,333,656**
Income from investments in associates		(8,487)
Other financial income	6	23,329
Other financial expenses	7	(2,744,499)
Profit/loss before tax		**59,603,999**
Tax on profit/loss for the year	8	(11,343,977)
Profit/loss for the year	9	**48,260,022**

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK
Acquired intangible assets		94,612
Intangible assets	10	**94,612**
Land and buildings		37,393,005
Plant and machinery		11,483,549
Other fixtures and fittings, tools and equipment		2,903,132
Leasehold improvements		0
Property, plant and equipment in progress		773,987
Prepayments for property, plant and equipment		875,000
Property, plant and equipment	11	**53,428,673**
Investments in associates		0
Other receivables		600,935
Financial assets	12	**600,935**
Fixed assets		**54,124,220**
Raw materials and consumables		17,482,147
Work in progress		8,973,031
Manufactured goods and goods for resale		31,220,832
Prepayments for goods		2,093
Inventories		**57,678,103**

Trade receivables		209,458,027
Deferred tax	13	3,915,574
Other receivables		235,040
Prepayments	14	249,338
Receivables		**213,857,979**
Cash		**1,144,550**
Current assets		**272,680,632**
Assets		**326,804,852**

Equity and liabilities

	Notes	2020 DKK
Contributed capital	15	500,000
Translation reserve		(1,032,856)
Reserve for fair value adjustments of hedging instruments		(5,757)
Retained earnings		135,449,524
Proposed dividend for the financial year		15,000,000
Equity		**149,910,911**
Other provisions	16	2,500,000
Provisions		**2,500,000**
Mortgage debt		4,768,685
Bank loans		8,692,450
Lease liabilities		4,532,506
Other payables	17	1,166,929
Deferred income		1,556,103
Non-current liabilities other than provisions	19	**20,716,673**
Current portion of non-current liabilities other than provisions	19	5,735,256
Bank loans		52,759,025
Trade payables		75,653,386
Tax payable		3,829,564
Other payables		15,700,037
Current liabilities other than provisions		**153,677,268**
Liabilities other than provisions		**174,393,941**
Equity and liabilities		**326,804,852**
Events after the balance sheet date	1	
Financial instruments	21	
Fair value information	22	
Unrecognised rental and lease commitments	23	
Assets charged and collateral	24	
Transactions with related parties	25	
Group relations	26	
Subsidiaries	27	

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Translation reserve DKK	Reserve for fair value adjustments of hedging instruments DKK	Retained earnings DKK	Proposed dividend for the financial year DKK
Contributed upon formation	500,000	0	0	112,189,502	0
Exchange rate adjustments	0	(1,032,856)	0	0	0
Fair value adjustments of hedging instruments	0	0	(7,380)	0	0
Other entries on equity	0	0	0	(10,000,000)	0
Tax of entries on equity	0	0	1,623	0	0
Profit/loss for the year	0	0	0	33,260,022	15,000,000
Equity end of year	**500,000**	**(1,032,856)**	**(5,757)**	**135,449,524**	**15,000,000**

	Total DKK
Contributed upon formation	112,689,502
Exchange rate adjustments	(1,032,856)
Fair value adjustments of hedging instruments	(7,380)
Other entries on equity	(10,000,000)
Tax of entries on equity	1,623
Profit/loss for the year	48,260,022
Equity end of year	**149,910,911**

Consolidated cash flow statement for 2020

	Notes	2020 DKK
Operating profit/loss		62,333,656
Amortisation, depreciation and impairment losses		10,640,078
Other provisions		2,000,000
Working capital changes	20	(45,733,840)
Other adjustments		1,616,641
Cash flow from ordinary operating activities		**30,856,535**
Financial income received		23,329
Financial expenses paid		(2,744,499)
Taxes refunded/(paid)		(16,008,067)
Other cash flows from operating activities		(5,757)
Cash flows from operating activities		**12,121,541**
Acquisition etc. of intangible assets		(43,893)
Acquisition etc. of property, plant and equipment		(4,261,964)
Sale of property, plant and equipment		1,043,721
Sale of fixed asset investments		856,745
Acquisition of enterprises		2,405,130
Cash flows from investing activities		**(261)**
Free cash flows generated from operations and investments before financing		**12,121,280**
Loans raised		3,622,458
Repayments of loans etc.		(1,380,606)
Repayment of lease liabilities		(3,218,582)
Dividend paid		(10,000,000)
Cash flows from financing activities		**(10,976,730)**
Increase/decrease in cash and cash equivalents		**1,144,550**
Cash and cash equivalents end of year		**1,144,550**

Cash and cash equivalents at year-end are composed of:

Cash	1,144,550
Cash and cash equivalents end of year	**1,144,550**

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Revenue

	2020 DKK
Denmark	482,499,633
EU	29,511,613
Other countries	41,653,884
Total revenue by geographical market	**553,665,130**

3 Fees to the auditor appointed by the Annual General Meeting

	2020 DKK
Statutory audit services	186,050
Other assurance engagements	100,788
Tax services	80,450
Other services	71,556
	438,844

4 Staff costs

	2020 DKK
Wages and salaries	63,421,798
Pension costs	5,430,913
Other social security costs	4,295,285
	73,147,996

Average number of full-time employees	**209**

	Remuneration of manage-ment 2020 DKK
Total amount for management categories	1,966,415
	1,966,415

The remuneration of management is shown accumulated refering to §98B of The Danish Financial Statments Act.

5 Depreciation, amortisation and impairment losses

	2020 DKK
Amortisation of intangible assets	170,485
Depreciation on property, plant and equipment	10,469,593
	10,640,078

6 Other financial income

	2020 DKK
Other interest income	23,284
Other financial income	45
	23,329

7 Other financial expenses

	2020 DKK
Other interest expenses	1,497,678
Exchange rate adjustments	621,566
Other financial expenses	625,255
	2,744,499

8 Tax on profit/loss for the year

	2020 DKK
Current tax	13,286,928
Change in deferred tax	(1,930,851)
Refund in joint taxation arrangement	(12,100)
	11,343,977

9 Proposed distribution of profit/loss

	2020 DKK
Ordinary dividend for the financial year	15,000,000
Retained earnings	33,260,022
	48,260,022

10 Intangible assets

	Acquired intangible assets DKK
Addition through business combinations etc	1,057,053
Exchange rate adjustments	(73,550)
Additions	43,893
Cost end of year	**1,027,396**
Addition through business combinations etc	(824,445)
Exchange rate adjustments	62,146
Amortisation for the year	(170,485)
Amortisation and impairment losses end of year	**(932,784)**
Carrying amount end of year	**94,612**

11 Property, plant and equipment

	Land and buildings DKK	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK	Property, plant and equipment in progress DKK
Addition through business combinations etc	65,285,767	65,896,684	16,801,077	405,319	312,072
Exchange rate adjustments	(1,828,399)	(1,799,641)	(281,547)	0	(21,714)
Additions	1,034,686	153,304	1,283,096	0	915,878
Disposals	0	(609,806)	(42,878)	0	(432,249)
Cost end of year	**64,492,054**	**63,640,541**	**17,759,748**	**405,319**	**773,987**
Addition through business combinations etc	(23,413,931)	(47,763,938)	(13,836,879)	(405,319)	0
Exchange rate adjustments	20,285	1,128,665	181,522	0	0
Depreciation for the year	(3,705,403)	(5,521,719)	(1,242,471)	0	0
Reversal regarding disposals	0	0	41,212	0	0
Depreciation and impairment losses end of year	**(27,099,049)**	**(52,156,992)**	**(14,856,616)**	**(405,319)**	**0**
Carrying amount end of year	**37,393,005**	**11,483,549**	**2,903,132**	**0**	**773,987**
Recognised assets not owned by Entity	0	4,652,238	0	0	0

	Prepayments for property, plant and equipment DKK
Addition through business combinations etc	0
Exchange rate adjustments	0
Additions	875,000
Disposals	0
Cost end of year	**875,000**
Addition through business combinations etc	0
Exchange rate adjustments	0
Depreciation for the year	0
Reversal regarding disposals	0
Depreciation and impairment losses end of year	**0**
Carrying amount end of year	**875,000**
Recognised assets not owned by Entity	0

12 Financial assets

	Investments in associates DKK	Other receivables DKK
Addition through business combinations etc	1,000,000	880,223
Disposals	(1,000,000)	(279,288)
Cost end of year	**0**	**600,935**
Addition through business combinations etc	(414,056)	0
Reversal regarding disposals	414,056	0
Impairment losses end of year	**0**	**0**
Carrying amount end of year	**0**	**600,935**

13 Deferred tax

	2020 DKK
Intangible assets	8,391
Property, plant and equipment	1,493,827
Inventories	103,069
Provisions	613,500
Liabilities other than provisions	1,023,490
Tax losses carried forward	673,297
Deferred tax	**3,915,574**

Changes during the year	2020 DKK
Recognised in the income statement	1,930,851
Addition through business combinations etc	2,021,987
Exchange rate adjustments	(37,264)
End of year	**3,915,574**

The company expect to make use of the deffered tax asset in future tax profits.

14 Prepayments

Prepayments consist off costs related to the following year such as rent and lease.

15 Contributed capital

	Number	Par value DKK	Nominal value DKK
Aktier	500,000	1	500,000
	500,000		**500,000**

16 Other provisions

Other provisions consist of provisions for warranty.

17 Other payables

	2020 DKK
Holiday pay obligation	1,166,929
	1,166,929

18 Deferred income

Deferred income consist of received subsidy for acquisition or production of fixed assets.

19 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK	Due after more than 12 months 2020 DKK	Outstanding after 5 years 2020 DKK
Mortgage debt	489,814	4,768,685	2,815,633
Bank loans	1,008,000	8,692,450	4,714,196
Lease liabilities	2,809,394	4,532,506	0
Other payables	227,144	1,166,929	0
Deferred income	1,200,904	1,556,103	0
	5,735,256	**20,716,673**	**7,529,829**

20 Changes in working capital

	2020 DKK
Increase/decrease in inventories	(13,646,198)
Increase/decrease in receivables	(23,894,450)
Increase/decrease in trade payables etc.	(8,193,192)
	(45,733,840)

21 Derivative financial instruments

Other payables includes the fair value of hedging instruments of TDKK 362. The hedging instruments have been entered to secure a fixed interest rate on the Group's variable-rate bank loans.

The hedging instruments have a principal of DKK 3.25 million and DKK 6.2 million and secures a fixed interest rate of 1.15% for the remaining term of 10 years. The hedging instruments and bank debt are entered into with the same counterparty.

22 Fair value information

	Derivative financial instruments DKK
Fair value end of year	361,451
Fair value adjustments recognised directly in the fair value reserve under equity	(7,380)

23 Unrecognised rental and lease commitments

	2020 DKK
Total liabilities under rental or lease agreements until maturity	3,225,337

24 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on properties of DKK 8,750k and 7,900k.

The carrying amount of mortgaged properties is DKK 13,632k.

Certain items of plant and machinery, and other fixtures etc have been financed by means of finance leases. The carrying amount of assets held under finance leases is DKK 4,518k.

Payables to credit institutions are secured on a floating charge of DKK 42,000k on the Group’s assets.

Bank loan is secured by mortgage with first priority use on land property, located in Ciechocin: Land and Mortgage Register No. TO1G100023977/4, Land and Mortgage Register No. TO1G10O0247542, conducted by the District Court in Golub-Dobrzyn, IV Division of Land and Mortgage Registers up to the amount of PLN

10,000,000.00, together with an assignment of rights under the insurance policy for the mortgaged real estate in accordance with the Insurance Policy Assignment Agreement and a registered pledge with first priority of satisfaction, up to the maximum security amount of PLN 6,000,000.00, established on the Borrower's movable property.

25 Non-arm's length related party transactions

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

26 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
BSB Group A/S, Lunderskov

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
BSB Group A/S, Lunderskov

27 Subsidiaries

	Registered in	Corporate form	Ownership %
BSB Maskinfabrik A/S	Lunderskov, Denmark	A/S	100
BSB Ejendomme ApS	Lunderskov, Denmark	ApS	100
BSB Poland Sp. z o.o.	Ciechocin, Poland	Sp. z o.o.	100

Parent income statement for 2020

	Notes	2020 DKK
Other external expenses		(75,000)
Gross profit/loss		**(75,000)**
Income from investments in group enterprises		48,322,922
Profit/loss before tax		**48,247,922**
Tax on profit/loss for the year	2	12,100
Profit/loss for the year	3	**48,260,022**

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK
Investments in group enterprises		149,973,811
Financial assets	4	**149,973,811**
Fixed assets		**149,973,811**
Joint taxation contribution receivable		3,840,582
Receivables		**3,840,582**
Current assets		**3,840,582**
Assets		**153,814,393**

Equity and liabilities

	Notes	2020 DKK
Contributed capital		500,000
Reserve for net revaluation according to the equity method		37,284,309
Retained earnings		97,126,602
Proposed dividend for the financial year		15,000,000
Equity		**149,910,911**
Trade payables		75,000
Tax payable		3,828,482
Current liabilities other than provisions		**3,903,482**
Liabilities other than provisions		**3,903,482**
Equity and liabilities		**153,814,393**
Events after the balance sheet date	1	
Working conditions	5	
Contingent liabilities	6	
Related parties with controlling interest	7	
Transactions with related parties	8	

Parent statement of changes in equity for 2020

	Contributed capital DKK	Reserve for net revaluation according to the equity method DKK	Retained earnings DKK	Proposed dividend for the year DKK	Total DKK
Contributed upon formation	500,000	0	112,189,502	0	112,689,502
Exchange rate adjustments	0	(1,032,856)	0	0	(1,032,856)
Other entries on equity	0	(10,005,757)	0	0	(10,005,757)
Profit/loss for the year	0	48,322,922	(15,062,900)	15,000,000	48,260,022
Equity end of year	**500,000**	**37,284,309**	**97,126,602**	**15,000,000**	**149,910,911**

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Tax on profit/loss for the year

	2020 DKK
Refund in joint taxation arrangement	(12,100)
	(12,100)

3 Proposed distribution of profit and loss

	2020 DKK
Ordinary dividend for the financial year	15,000,000
Retained earnings	33,260,022
	48,260,022

4 Financial assets

	Investments in group enterprises DKK
Additions	112,689,502
Cost end of year	**112,689,502**
Exchange rate adjustments	(1,032,856)
Adjustments on equity	(10,005,757)
Share of profit/loss for the year	48,322,922
Revaluations end of year	**37,284,309**
Carrying amount end of year	**149,973,811**

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

5 Working conditions

The Entity has no employees beside management.

6 Contingent liabilities

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

7 Related parties with controlling interest

There are no parties with controlling interest.

8 Non-arm’s length related party transactions

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

Accounting policies

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

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

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

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

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

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

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence. Enterprises in which the Group, directly or indirectly, holds between 20% and 50% of the voting rights and exercises significant, but not controlling influence, are regarded as associates.

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.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations
The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under

which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

Foreign currency translation

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

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Goodwill is considered belonging to the independent foreign entity and is translated using the exchange rate at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

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

Derivative financial instruments

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

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

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

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

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.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

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 wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Income from investments in group enterprises

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

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises including interest income on receivables from group enterprises, transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

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

Balance sheet

Intellectual property rights etc.
Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

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

Property, plant and equipment
Land and buildings, plant and machinery, and 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 assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

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	10-40 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	3-5 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Estimated useful lives and residual values are reassessed annually.

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

Investments in group enterprises
Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses. Reference is made to the above section on business combinations for more details about the accounting policies applied to acquisitions of investments in group enterprises.

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 in equity.

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

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

Associates with negative equity value are measured at DKK 0. Any receivables from these associates 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 associate, 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 associates is transferred to reserve for net revaluation according to the equity method in equity.

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

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

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

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

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

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

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. However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary

differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

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

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

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

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.

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

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.

Lease liabilities
Lease commitments relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease commitments are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

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.

Tax payable or receivable
Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's

taxable income, adjusted for prepaid tax.

Deferred income
Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.

Cash flow statement

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

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

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

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

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