

IQ METAL A/S
BIRKEMOSEVEJ 1, DK-8361 HASSELAGER
ANNUAL REPORT

1 OCTOBER 2019 – 30 SEPTEMBER 2020

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 10 December 2020.

Ole Juul Jørgensen
Chairman of the Meeting

CVR-No.: 42 62 57 28

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COMPANY DETAILS

Company

IQ Metal A/S
Birkemosevej 1
DK-8361 Hasselager

Telephone: 87 38 90 11
Website: www.iqmetal.com
E-mail: info@iqmetal.com

CVR No.: 42 62 57 28
Established: 21 April 1977
Registered Office: Aarhus
Financial Year: 1 October 2019 – 30 September 2020

Divisions

Head office:
IQ Metal A/S
Birkemosevej 1
DK-8361 Hasselager

Polish division:
IQ Metal Sp. z o.o.
Kniewska 7
PL-70-846 Szczecin

Board of Executives

Group CEO Bo Fischer Larsen

Board of Directors

Chairman Ole Juul Jørgensen
Group CEO Bo Fischer Larsen
Plant director Jesper Zacher Nielsen

Auditor

BDO Statsautoriseret revisionsaktieselskab
Kystvejen 29
DK-8000 Aarhus C

Bank

Sydbank A/S
Store Torv 12
DK-8000 Aarhus C

BNP Paribas Bank Polska S.A.
Centrum Bankowości Korporacyjnej w Szczecinie
al. Papieża Jana Pawła II ¾
PL-70-413 Szczecin

General Meeting

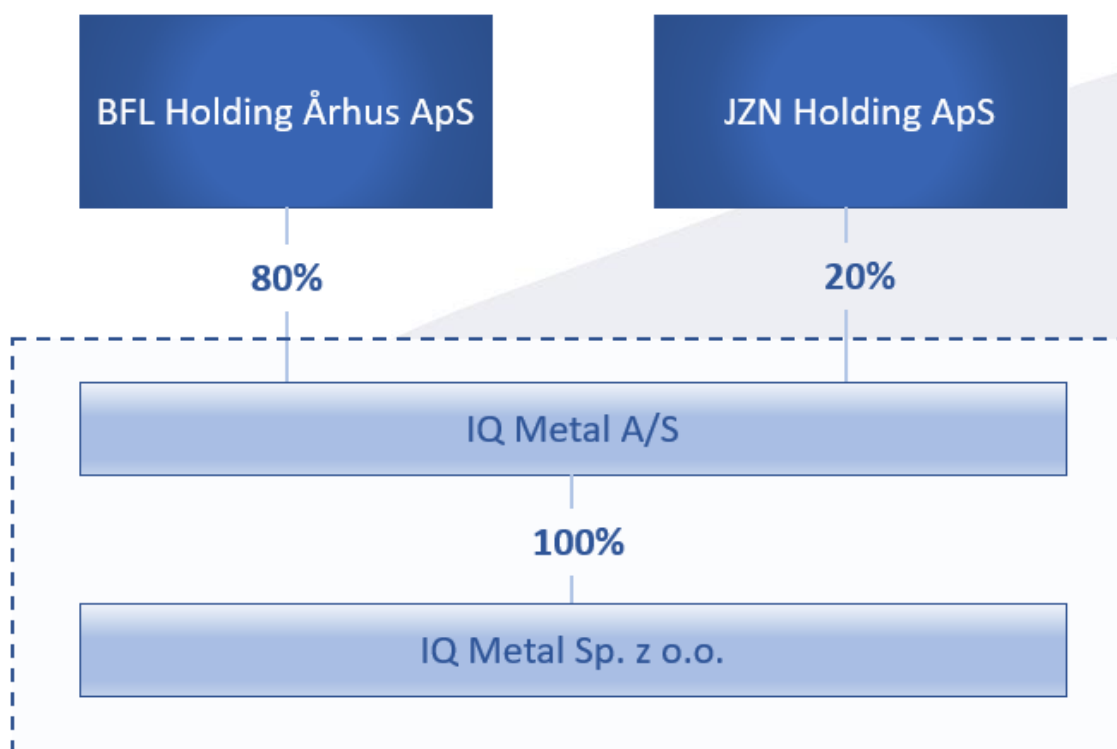
The Annual General Meeting is held on 10 December 2020 at BDO, Kystvejen 29, DK-8000 Aarhus C.

GROUP STRUCTURE

IQ Metal A/S holds 100% of IQ Metal Sp. z o.o. shares.

Group structure is as follows:

IQ Metal concern overview



STATEMENT BY BOARD OF DIRECTORS AND BOARD OF EXECUTIVES

Today the Board of Directors and Board of Executives have discussed and approved the Annual Report of IQ Metal A/S for the year 1 October 2019 - 30 September 2020.

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

In our opinion the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the Group's and the Company's financial position at 30 September 2020 and of the results of the Group's and the Company's operations and cash flows for the financial year 1 October 2019 - 30 September 2020.

The Management's Review includes in our opinion a fair presentation of the matters dealt with in the Review.

We recommend the Annual Report be approved at the Annual General Meeting.

Aarhus, on 9 December 2020

Board of Executives:

Bo Fischer Larsen

Board of Directors:

Ole Juul Jørgensen
Chairman

Bo Fischer Larsen

Jesper Zacher Nielsen

INDEPENDENT AUDITOR'S STATEMENT

To the Shareholders of IQ Metal A/S

Opinion

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of IQ Metal A/S for the financial year 1 October 2019 - 30 September 2020, which comprise income statement, balance sheet, statement of changes in equity, notes and a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows for both the Group and the Parent Company. The Consolidated Financial Statements and the Parent Company Financial Statements are prepared under the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2020, and of the results of the Group and Parent Company operations as well as the consolidated cash flows of the Group and the Parent Company for the financial year 1 October 2019 - 30 September 2020 in accordance with the Danish Financial Statements Act.

Basis for Opinion

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

Management's Responsibilities for the Consolidated Financial Statements and the Parent Company Financial Statements

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

In preparing the Consolidated Financial Statements and the Parent Company Financial Statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern

basis of accounting in preparing the Consolidated Financial Statements and the Parent Company Financial Statements unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Parent Company Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material mis-statement 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 Company Financial Statements.

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

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

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Aarhus, 9 December 2020

BDO Statsautoriseret revisionsaktieselskab
CVR No. 20 22 26 70

Steen Pedersen
State Authorised Public Accountant
MNE no. mne24680

Arne B. Jepsen
State Authorised Public Accountant
MNE no. mne7952

FINANCIAL HIGHLIGHTS OF THE GROUP

	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK	2016 TDKK
Income Statement					
Gross profit	34.705	48.591	34.392	28.271	23.971
Operating profit	11.449	25.905	23.746	16.506	13.324
Financial income and expenses, net	-1.440	-622	-1.321	-606	-1.490
Profit for the year before tax	10.009	25.283	22.426	15.900	11.834
Profit for the year	7.784	19.654	17.540	12.414	9.103
Balance Sheet					
Balance sheet total	144.652	101.481	88.813	84.867	83.544
Investments in tangible fixed assets	47.703	4.429	4.863	5.862	3.208
Equity	40.719	41.929	36.838	29.094	24.135
Net working capital	39.769	45.698	34.047	35.289	29.082
Net interest-bearing debt	-67.121	-32.697	-35.209	-37.502	-33.248
Invested capital	102.845	72.986	63.614	59.285	56.616
Average number of full-time employees (without temporary workers)					
	226	209	190	195	190
Ratios					
Rate of return	13,0	37,9	38,6	28,5	26,3
Solvency ratio	28,1	41,3	41,5	34,3	28,9
Return on equity	18,8	49,9	53,2	46,6	42,7

The ratios stated in the above Financial Highlights have been calculated as follows:

Rate of return:
$$\frac{\text{Profit/loss on ordinary activities} \times 100}{\text{Average invested capital}}$$

Invested capital:

Intangible fixed assets (ex goodwill) + tangible assets + inventories + receivables + other working current assets – trade payables – other provisions – other long and short term working liabilities

Solvency ratio:
$$\frac{\text{Equity ex minorities, at year - end} \times 100}{\text{Total equity and liabilities, at year - end}}$$

Return on equity
$$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$$

The ratios follow in all material respects the recommendations of the Danish Finance Society.

MANAGEMENT'S REVIEW

Principal activities

IQ Metal Group are specialised in providing cost effective metal solutions to customers worldwide and the activities of the Group are contract manufacturing of components and metal parts in steel, stainless steel and aluminum to industrial customers. The customized solutions ranging from components to system deliveries, are handled by the Group from third-party and total logistics solutions.

Exceptional matters

The financial year 2019/2020 is affected by the global economic crisis that has arisen as a result of the COVID-19 pandemic. See further description under subsection "Development in activities and financial position" below.

Uncertainty as to recognition and measurement

There has not been any uncertainties associated with the recognition and measurement of business operations.

Development in activities and financial position

In the financial year 2019/20, the Group recorded a gross profit of 34.705 TDKK.

Profit after tax amounted to 7.784 TDKK compared with 19.654 TDKK in the financial year 2018/19.

The financial year 2019/2020 was characterised by the Danish parent company IQ Metal A/S managing to fulfil the expectations regarding sales and earnings, but the Polish division, as already announced, had a 2019/2020 with significant investments in machinery and automation. Furthermore, extraordinary expenses related to the implementation of a new and sizeable IQ Metal Partnership Manufacturing™ customer were anticipated and planned for. During the financial year, the Polish factory has grown with an additional 3,100 m² of factory space, and at the same time, most of the departments and machines have been relocated in order to create space for the 43.911 TDKK investments in new technology. In addition to the investments in the Polish facilities, the Danish parent company has also invested 5.485 TDKK in new machinery.

The physical reorganization of facilities and machinery along with considerable investments and a huge staff ramp-up combined with a minor reduction in level of activity and the COVID-19 pandemic have all had an impact on the consolidated result of the IQ Metal Group.

The net profits of the year include an unrealised loss of 3.066 TDKK related to currency exchange rates.

The annual result did not fulfil the management's expectations.

MANAGEMENT'S REVIEW

Profit/loss for the year compared to future expectations

The financial year 2019/20 was planned to be a year of development on many areas. In addition, the IQ Metal Group was confronted with the impacts of the COVID-19 pandemic. Based on this, and even though the financial results did not meet expectation, the result is considered satisfactory.

Significant events after the end of the financial year

No events have occurred after the end of the financial year of material importance for the Group's financial position.

Special risks

Operational risks

The Group is an industrial subcontractor and therefore considerably sensitive to macroeconomic fluctuations and consequent business cycles.

As a result of targeted strategic efforts and 2-digit budgeted growth rates, IQ Metal expects to reduce its exposure to the Group's largest customer segment to less than 30% in the coming years.

Price risks

As in previous years, the pressure on prices has continued and IQ Metal Group's conclusion remains that future operating results must be realized through higher volumes.

Foreign exchange risks

Purchase and sale in foreign currencies are primarily conducted in EUR and PLN. The Group's active currency strategy minimizes the risks of the DKK/PLN, and PLN/EUR exchange rate fluctuations.

Credits raised at IQ Metal Sp. z o.o. have increased the PLN currency exposure against EUR/DKK. The result of a historically low PLN currency was recorded in the annual report of 2019/20. It is the management's assessment that the risk of further losses within the new financial year are low.

Interest rate risks

The Group's operating budget for the 2020/21 financial year is based on the level of interest at the beginning of the financial year, with a certain margin, so an increasing interest rate level will only have a limited impact on the Group's profit.

MANAGEMENT'S REVIEW

Environmental situation

IQ Metal A/S complies with current environmental legislation.

In the operations of the IQ Metal Group no solvents, chlorine compound or other environmentally stressed substances are used.

The IQ Metal Group is certified against the requirements of the ISO9001:2015 standards, EN 1090, EN 3834. We are currently implementing the environmental system ISO14001.

Knowledge resources

The company does not undertake own R&D activities, but contributes with technical know-how customer oriented product development process.

Future expectations

Based upon the contracts signed with the main customers during the current fiscal year the IQ Metal Group expects to realize a significant growth in sales. Furthermore and as a result of focused strategy the IQ Metal Group has converted a larger share of sales from short term to long term IQ Metal Partnership Manufacturing™ agreements.

The expected results are expressed in the budgets for the coming financial year and the management expects to realize improved figures of sales and profit for the current year.

Corporate social responsibility

The IQ Metal Group aims to develop its business and meet its strategic challenges in a financially and socially justifiable way by adhering to legislation, conducting its activities responsibly, and taking measures of a social nature.

For more than two decades, a major share of the activities of IQ Metal has been targeted renewable energy. Today, IQ Metal is positioned as a significant supplier to the largest producers of offshore wind turbines.

With the establishment of IQ Metal Poland in 2010, the company for the first time extended its global footprint outside of Denmark. The role as a responsible organisation and employer was extended to comprise the activities in a new and different environment and society. Today, IQ Metal is paying very much attention to our role as employer as well as taking a social responsibility within the local society in both Denmark and Poland. Not only are 317 families dependent upon the jobs and wages we offer, but IQ Metal will also make sure they work in a safe and great work place.

MANAGEMENT'S REVIEW

Corporate social responsibility (continued)

With the UN's Global Compact implemented late 2015, IQ Metal has focused on creating a sustainable workplace and the corporate social responsibility has now been further extended towards the global footprint. Through our actions and day-to-day behaviour, IQ Metal prioritizes our contribution to the UN's Sustainable Development Goals.



Specifically, we adopt the UN-SDG into our actions with CSR initiatives and commitments within these main focus areas with 2020 as baseline:

- ❖ Environmental and Climate impact
- ❖ Responsible Employer
- ❖ Role in Society

MANAGEMENT'S REVIEW

IQ Metal Group's UN-SDG focus, metrics, and indicators

The IQ Metal Group focuses on these sustainable development goals and actions:

3 GOOD HEALTH
AND WELL-BEING



4 QUALITY
EDUCATION



5 GENDER
EQUALITY



7 AFFORDABLE AND
CLEAN ENERGY



8 DECENT WORK AND
ECONOMIC GROWTH










12 RESPONSIBLE CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



MANAGEMENT'S REVIEW

Focus area	UN-SDGs	IQ Metal focus	Metrics & Indicators
Environmental and Climate impact	7 AFFORDABLE AND CLEAN ENERGY 	<p>IQM as a significant supplier of products for the renewable energy sector.</p> <p>We will Implement energy saving practices.</p>	<ul style="list-style-type: none"> • IQM will hold the current leading position in the category of small weldments for the offshore Wind Turbine industry. • IQM will aim to use renewable energy sources.
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	<p>We will encourage reduce, reuse, and recycle at our workplaces.</p>	<ul style="list-style-type: none"> • IQM will maintain our ISO 14001 certification. • IQM will improve waste management to facilitate recycling.
	13 CLIMATE ACTION 	<p>We will reduce CO₂ emissions from buildings and manufacturing processes.</p>	<ul style="list-style-type: none"> • IQM will reduce CO₂ emission from laser cutting. • IQM will reduce the consumption of oil and gas for heating of buildings.
Responsible Employer	4 QUALITY EDUCATION 	<p>We will contribute to the development of competences within our industry.</p>	<ul style="list-style-type: none"> • IQM will establish internal and external training & education. • IQM will cooperate with vocational schools and universities.
	8 DECENT WORK AND ECONOMIC GROWTH 	<p>We will innovate processes and productivity, improve competitiveness, and continuously make our company a better place to work.</p>	<ul style="list-style-type: none"> • IQM will continue to grow sales based on innovation by all members of staff. • IQM will continuously improve the employee satisfaction at the workplace.
Role in Society	3 GOOD HEALTH AND WELL-BEING 	<p>We will be a safe place to work and we will contribute to national and global improvement of health at work.</p>	<ul style="list-style-type: none"> • IQM has a zero-incident at work policy. • IQM donates financial support for organizations that fight serious diseases, people in poverty and children in need.
	5 GENDER EQUALITY 	<p>We will convert a predominantly male business into an attractive place to work for both genders.</p>	<ul style="list-style-type: none"> • IQM will improving the ratio of women on the shop floor. • IQM will develop career paths for female employees in engineering, quality, and logistic functions.

MANAGEMENT'S REVIEW

Environmental and Climate impact unfolded

For more than 2 decades, renewable energy has been among the most important activities of the IQ Metal Group. Since the ending of the last millennium, our products have been installed within thousands of onshore and offshore Wind Turbines that produce CO₂ emission-free energy. In other words, every day the outcome of our activities supply Gigawatts of clean energy to industries and households around the World.

The wind turbine components that IQ Metal supply are produced on traditional energy consuming machinery, using the available sources of energy in our factories. This cannot be changed. Therefore, as an element of improving the environmental footprint, IQ Metal has launched initiatives to reduce the energy consumption in the operations by implementing more efficient and less energy consuming machines and supporting technology.

Throughout 2020, IQ Metal Group has invested heavily in the transformation towards more environment friendly technology. In the coming years, we will report CO₂ reductions with 2020 as baseline to measure the effects of the investments. We invite companies like us to do the same and make the results publicly available.

Responsible employer unfolded

Our staff are the main assets of the IQ Metal Group. Innovations, the developments, and the continuous improvements spring from the people in our organisation. Jobs and career opportunities must be based and balanced according to the needs and capabilities of our staff. IQ Metal Group has the possibility to satisfy the needs and wishes of our staff, regardless if they feel most comfortable by standard and routines work, knowing every day what tomorrow will bring, or are high-potentials looking for a more diverse and challenging workday. We are able to screen and identify high-potentials, and we continuously nurture, grow, and develop their talents and offer attractive career paths within the IQ Metal Group.

As a responsible employer we do not see our people as "Human Resources". Our employees are individuals, and all of them play a role in the growth of the IQ Metal Group.

IQ Metal Denmark has a long and ongoing tradition of training apprentices, which we initially aimed to extend to IQ Metal Poland. Due to lack of external, well-organized vocational schools, IQ Metal Poland instead developed an internal IQ Metal Welding Academy, which is structured and organized according to the Scandinavian templates of developing workers with documented skilled competences.

Generic skills like language lessons are organized in groups according to the current level of competences. Training and development of engineers, administrative staff and managers are organized according to individual needs and schedules and the company's growth strategy.

MANAGEMENT'S REVIEW

Responsible employer unfolded (continued)

In coming years, the reporting will include a more explicit listing of the activities related to the role as a responsible employer, and we invite companies like us to do the same and make the results publicly available.

Role in Society unfolded

IQ Metal must be a safe and good place to work and a zero-incident safety policy is a must. By the end of 2020, the IQ Metal Group employs more than 317 employees, and the fact that 317 families are dependent upon the wellbeing of the IQ Metal Group makes us humble and respectful towards our role as employer.

Since 2010, when the activities of the IQ Metal Group were extended to comprise the operations in Poland, our awareness and adoption of our role in society has been growing. The IQ Metal Group was initially forced to navigate within different cultures and societies, teaching us to be grateful for conditions that cannot be taken for granted everywhere. We have now come further than this.

Today, we strongly support equality between genders, and despite the fact that the nature of the metal and steel business used to be dominated by men, we manage to attract and employ female workers on various levels - especially in IQ Metal Poland. Women must have equal opportunities, and IQ Metal Group supports their rights in society, and we offer the same employment conditions as their male colleagues within the organisation.

We realize that we cannot on our own do a major impact in all areas, e.g. within treating serious diseases, but we can do something. Therefore, IQ Metal Group each year make a number of donations and support activities targeted major causes in the global society. Our key focus has been to extend fixed long-term donations supporting orphan girls in Pakistan, the fight against cancer, and donations to fight other serious diseases.

INCOME STATEMENT 1 OCTOBER – 30 SEPTEMBER

	Note	Group		Parent company	
		2020	2019	2020	2019
		DKK	TDKK	DKK	TDKK
GROSS PROFIT	1	34.705.188	48.591	16.932.953	17.276
Distribution costs	1	-694.647	-937	-347.514	-536
Administrative expenses.....	1	-22.561.530	-21.749	-11.110.536	-10.855
OPERATING PROFIT		11.449.011	25.905	5.474.903	5.885
Income from investments in subsidiaries		0	0	3.685.904	15.516
Financial income	2	1.134.650	329	246.087	260
Financial expenses.....	3	-2.574.660	-951	-458.731	-817
PROFIT BEFORE TAX		10.009.001	25.283	8.948.163	20.843
Tax on profit/loss for the year	4	-2.224.607	-5.630	-1.163.769	-1.190
PROFIT FOR THE YEAR	5	7.784.394	19.653	7.784.394	19.653

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	Group		Parent company	
		2020	2019	2020	2019
		DKK	TDKK	DKK	TDKK
Other intangible fixed assets		50.736	39	0	0
Intangible fixed assets	6	50.736	39	0	0
Land and buildings		584.941	712	0	0
Production plant and machinery		16.589.712	14.762	9.129.485	4.541
Other plant, fixtures and equipment ..		501.312	611	0	0
Leasehold improvements		970.030	959	970.030	959
Prepayment for tangible fixed assets under construction		40.660.760	1.198	0	0
Tangible fixed assets	7	59.306.755	18.242	10.099.515	5.500
Investments in subsidiaries		0	0	27.446.614	32.431
Deposits		1.609.481	1.526	1.486.338	1.526
Fixed asset investments	8	1.609.481	1.526	28.932.952	33.957
FIXED ASSETS		60.966.972	19.807	39.032.467	39.457

BALANCE SHEET AT 30 SEPTEMBER

ASSETS	Note	Group		Parent company	
		2020	2019	2020	2019
		DKK	TDKK	DKK	TDKK
Raw materials and consumables.....		12.230.119	8.726	4.078.681	2.860
Work in progress		11.089.901	8.222	2.736.850	2.765
Finished goods and goods for resale..		3.469.124	3.455	1.758.130	1.657
Inventories		26.789.143	20.403	8.573.661	7.282
Trade receivables		47.313.933	54.248	14.820.938	18.771
Receivables from group enterprises...		300.000	479	13.814.046	11.102
Deferred tax asset	9	1.241.783	333	195.674	176
Other receivables.....		2.291.074	82	1.003.488	65
Prepayments and accrued income	10	690.465	2.854	355.242	2.329
Receivables		51.837.255	57.996	30.189.388	32.443
Cash.....		5.058.352	3.275	0	0
Cash.....		5.058.352	3.275	0	0
CURRENT ASSETS		83.684.750	81.674	38.763.049	39.725
ASSETS.....		144.651.722	101.481	77.795.516	79.182

BALANCE SHEET AT 30 SEPTEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2020	2019	2020	2019
		DKK	TDKK	DKK	TDKK
Share capital		1.000.000	1.000	1.000.000	1.000
Reserves for net revaluation according to the equity value method.....		0	0	25.946.614	30.931
Retained earnings.....		33.718.866	32.929	7.772.252	1.998
Proposed dividend for the financial-year		6.000.000	8.000	6.000.000	8.000
EQUITY		40.718.866	41.929	40.718.866	41.929
Debt to banks.....		48.249.505	11.464	10.000.000	10.000
Lease liabilities		7.343.839	3.146	7.343.839	3.099
Long-term liabilities	11	55.593.344	14.610	17.343.839	13.099

BALANCE SHEET AT 30 SEPTEMBER

EQUITY AND LIABILITIES	Note	Group		Parent company	
		2020	2019	2020	2019
		DKK	TDKK	DKK	TDKK
Current portion of long-term liabilities		8.261.929	626	1.211.664	626
Debt to banks.....		1.220.225	11.615	1.220.225	9.708
Trade payables.....		22.659.225	20.057	7.118.724	6.996
Debt to group enterprises		532.267	0	532.267	0
Corporation tax.....		1.324.834	3.077	1.183.099	1.246
Other payables		13.871.127	8.669	8.466.832	5.578
Accruals and deferred income	12	469.904	898	0	0
Current liabilities		48.339.511	44.942	19.732.811	24.154
LIABILITIES		103.932.855	59.552	37.076.650	37.253
EQUITY AND LIABILITIES		144.651.722	101.481	77.795.516	79.182
Contingencies etc.	13				
Charges and securities	14				
Related parties	15				
Consolidated financial statements.....	16				

STATEMENT OF CHANGES IN EQUITY

	Group			
	Share capital	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 October 2019	1.000.000	32.929.366	8.000.000	41.929.366
Dividend paid			-8.000.000	-8.000.000
Proposed distribution of profit for the year		1.784.394	6.000.000	7.784.394
Provision of hedge instruments		-7.121		-7.121
Exchange adjustment, foreign subsidiaries		-987.773		-987.773
Equity at 30 September 2020	1.000.000	33.718.866	6.000.000	40.718.866

	Parent company				
	Share capital	Net revaluation under the equity method	Retained earnings	Proposed dividend for the financial year	Total
Equity at 1 October 2019	1.000.000	30.930.880	1.998.486	8.000.000	41.929.366
Dividend paid		-7.682.397	7.682.397	-8.000.000	-8.000.000
Proposed distribution of profit		3.685.904	-1.901.510	6.000.000	7.784.394
Provision of hedge instruments			-7.121		-7.121
Exchange adjustment, foreign subsidiaries		-987.773			-987.773
Equity at 30 September 2020	1.000.000	25.946.614	7.772.252	6.000.000	40.718.866

CASH FLOW STATEMENT 1 OCTOBER – 30 SEPTEMBER

	Group		Parent company	
	2020	2019	2020	2019
	DKK	TDKK	DKK	TDKK
Profit for the year	7.784.394	19.654	7.784.394	19.653
Reversed depreciation of the year	4.417.755	4.596	1.416.000	1.529
Gains from investment activities	-113.000	-51	-113.000	15
Profit from subsidiaries	0	0	-3.685.904	-15.516
Reversed tax on profit/loss for the year	2.232.475	5.631	1.163.769	1.190
Corporation tax paid	-3.028.847	-7.774	-895.640	-2.255
Change in inventory	-6.385.994	1.993	-1.291.863	-644
Change in receivables	6.588.077	-11.733	9.954.980	2.531
Change in current liabilities (ex bank, tax and dividend).....	8.387.521	-497	3.544.369	-2.300
CASH FLOWS FROM OPERATING ACTIVITIES	19.882.381	11.819	17.877.105	4.203
Purchase of intangible fixed assets	-94.483	-39	0	0
Purchase of tangible fixed assets	-47.703.312	-4.429	-6.015.533	-2.356
Sale of tangible fixed assets	113.000	218	113.000	218
Purchase of financial investments	-145.651	-45	-22.508	-45
Sale of financial investments	62.665	0	62.665	0
Other cash flows relating to investing activities	753.333	3.205	753.333	2.068
CASH FLOWS FROM INVESTING ACTIVITIES	-47.014.447	-1.090	-5.109.063	-115

CASH FLOW STATEMENT 1 OCTOBER – 30 SEPTEMBER

	Group		Parent company	
	2020	2019	2020	2019
	DKK	TDKK	DKK	TDKK
Changes in subordinated loan capital.	-6.447.734	-756	-4.830.118	-1.410
Proceeds from long-term borrowing ..	51.515.685	3.088	5.485.160	3.088
Other changes in long-term debt.....	2.242.282	-5.247	3.064.623	1
Dividend paid in the financial year	-8.000.000	-14.000	-8.000.000	-14.000
CASH FLOWS FROM FINANCING ACTIVITIES	39.310.233	-16.915	-4.280.335	-12.321
CHANGE IN CASH AND CASH EQUIVALENTS	12.178.167	-6.185	8.487.708	-8.233
Cash and cash equivalents at 1 October	-8.340.040	-2.155	-9.707.933	-1.475
CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER	3.838.127	-8.340	-1.220.225	-9.708
Specification of cash and cash equivalents at 30 September				
Cash at banks.....	5.058.352	3.275	0	0
Bank debt, overdraft.....	-1.220.225	-11.615	-1.220.225	-9.708
CASH AND CASH EQUIVALENTS, NET DEBT	3.838.127	-8.340	-1.220.225	-9.708

NOTES

	Group		Parent company		Note
	2020	2019	2020	2019	
	DKK	TDKK	DKK	TDKK	
Staff costs					1
Average number of employees:	226	209	59	56	
Wages and salaries.....	52.672.231	45.803	24.626.324	23.122	
Pensions.....	3.455.087	3.136	3.455.087	3.136	
Social security costs.....	578.691	591	578.691	591	
Other staff costs.....	373.239	432	373.239	432	
	57.079.248	49.962	29.033.342	27.281	
Remuneration of management and board of directors.....	1.607.683	2.131	1.607.683	2.131	
	1.607.683	2.131	1.607.683	2.131	
Financial income					2
Group enterprises.....	0	0	197.541	227	
Other interest income.....	1.134.650	329	48.546	33	
	1.134.650	329	246.087	260	
Financial expenses					3
Group enterprises.....	50.000	40	50.000	40	
Other interest expenses.....	2.524.660	911	408.731	777	
	2.574.660	951	458.731	817	
Tax on profit for the year					4
Calculated tax on taxable income of the year.....	3.166.230	5.690	1.183.099	1.246	
Adjustment of tax previous year..	-7.868	5	0	7	
Adjustment of deferred tax.....	-933.755	-65	-19.330	-63	
	2.224.607	5.630	1.163.769	1.190	

NOTES

	Group		Parent company		Note
	2020 DKK	2019 TDKK	2020 DKK	2019 TDKK	
Proposed distribution of profit					5
Proposed dividend for the year.....	6.000.000	8.000	6.000.000	8.000	
Allocation to reserve for net revaluation according to equity value.....	0	0	3.685.904	15.516	
Retained earnings.....	1.784.394	11.654	-1.901.510	-3.862	
	7.784.394	19.654	7.784.394	19.654	
Intangible fixed assets					6
				Group Other intangible fixed assets	
Cost at 1 October 2019				248.743	
Additions				94.483	
Disposals				0	
Exchange rate adjustment				-11.037	
Cost at 30 September 2020				332.188	
Depreciation and impairment losses at 1 October 2019				209.962	
Reversal of depreciation of assets disposed of				0	
Depreciation of the year				80.827	
Exchange rate adjustment				-9.337	
Depreciation and impairment losses at 30 September 2020				281.452	
Carrying amount at 30 September 2020				50.736	

NOTES

Tangible fixed assets	Group			Note 7
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 October 2019	71.481.860	1.339.915	2.754.550	
Additions	6.123.779	44.455	149.560	
Disposals	-4.300.000	0	0	
Exchange rate adjustment	-836.680	-40.805	0	
Cost at 30 September 2020	72.468.960	1.343.564	2.904.110	
Depreciation and imp.losses at 1 October 2019 ..	56.720.131	729.478	1.795.454	
Reversal of depreciation of assets disposed of ...	-4.300.000	0	0	
Depreciation of the year	3.961.766	132.553	138.626	
Exchange rate adjustment	-502.649	-19.779	0	
Depreciation and impairment losses at 30 September 2020	55.879.248	842.252	1.934.080	
Carrying amount at 30 September 2020 ...	16.589.712	501.312	970.030	
Recognised assets not owned by the company ..	7.962.923	0	48.883	

Tangible fixed assets (continued)	Group		7
	Land and buildings	Assets under Construction	
Cost at 1 October 2019	1.127.228	61.416	
Additions	0	41.385.518	
Disposals	0	0	
Exchange rate adjustment	-41.908	-786.175	
Cost at 30 September 2020	1.085.320	40.660.760	
Depreciation and impairment losses at 1 October 2019	415.047	0	
Reversal of depreciation of assets disposed of	0	0	
Depreciation of the year	102.708	0	
Exchange rate adjustment	-17.376	0	
Depreciation and imp.losses at 30 September 2020	500.379	0	
Carrying amount at 30 September 2020	584.941	40.660.760	

NOTES

Tangible fixed assets (continued)	Parent company			Note 7
	Production plants and machinery	Other plants, machinery, tools and equipment	Leasehold improvements	
Cost at 1 October 2019	49.108.621	265.000	2.754.550	
Additions	5.865.992	0	149.560	
Disposals	-4.300.000	0	0	
Cost at 30 September 2020	50.674.613	265.000	2.904.110	
Depreciation and imp. losses at 1 October 2019	44.567.754	265.000	1.795.454	
Reversal of depreciation of assets disposed of ...	-4.300.000	0	0	
Depreciation of the year	1.277.374	0	138.626	
Depreciation and impairment losses at 30 September 2020	41.545.128	265.000	1.934.080	
Carrying amount at 30 September 2020 ...	9.129.485	0	970.030	
Recognised assets not owned by the company ..	7.962.923	0	48.883	
Fixed asset investments			Group	8
			Rent deposit	
Cost at 1 October 2019			1.526.495	
Additions			145.651	
Disposals			-62.665	
Exchange rate adjustment			0	
Cost at 30 September 2020			1.609.481	
Depreciation and impairment losses at 1 October 2019			0	
Reversal of depreciation of assets disposed of			0	
Depreciation of the year			0	
Exchange rate adjustment			0	
Depreciation and impairment losses at 30 September 2020			0	
Carrying amount at 30 September 2020			1.609.481	

NOTES

Fixed asset investments (continued)	Parent company		Note 8
	Fixed assets investments	Rent deposit	
Cost at 1 October 2019	1.500.000	1.526.495	
Additions	0	22.508	
Disposals	0	-62.665	
Cost at 30 September 2020	1.500.000	1.486.338	
Revaluation at 1 October 2019.....	30.930.880	0	
Exchange rate adjustment	-987.773	0	
Dividend paid.....	-7.682.397	0	
Profit for the year	3.685.904	0	
Revaluation at 30 September 2020	25.946.614	0	
Carrying amount at 30 September 2020	27.446.614	1.486.338	

Investments in subsidiaries (DKK)

Name and registered office	Equity	Profit for the year	Ownership
IQ Metal Sp. z o.o., Poland	27.706.589	3.678.036	100 %
Correction accounting policies, Poland.....	-259.975	7.868	100 %

Deferred tax assets

Provision for deferred tax comprises deferred tax on contract work in progress, inventory and intangible and tangible fixed assets.

	Group		Parent company	
	2020 DKK	2019 TDKK	2020 DKK	2019 TDKK
Deferred tax, beginning of year...	333.272	276	176.344	113
Deferred tax for the year.....	908.611	57	19.329	63
	1.241.883	333	195.673	176

The Group's deferred tax assets are recognized in the Balance Sheet at 1.241.883 DKK. The tax asset relates primarily to lease liabilities. The tax asset is recognized on the basis of the expectations to the positive tax profits for the next couple of years, and the temporary deviation between the financial accounts and tax are expected to be fully utilized through equalization of future earnings. The assessments are based on the Group's budgets for the next three years. The budgets have been prepared according to the Group's usual budget procedure.

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Prepayments and accrued income

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Prepayments and accruals recognised as assets include costs incurred relating to the subsequent financial year.

Long-terms liabilities

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	Group				
	Liability 30 September 2020	Short term liability 30 September 2020	Liability after 5 years	Liability 1 October 2019	Short term liability 1 October 2019
Debt to banks.....	55.254.581	7.005.076	12.195.575	11.464.214	0
Other long-term debt.....	0	0	0	9.875	9.875
Lease liabilities.....	8.583.025	1.239.186	2.442.195	3.761.757	616.104
	63.837.607	8.244.262	14.637.770	15.235.846	625.979

	Parent company				
	Liability 30 September 2020	Short term liability 30 September 2020	Liability after 5 years	Liability 1 October 2019	Short term liability 1 October 2019
Debt to banks.....	10.000.000	0	10.000.000	10.000.000	0
Other long-term debt.....	0	0	0	9.875	9.875
Lease liabilities.....	8.555.503	1.211.664	2.442.195	3.715.511	616.104
	18.555.503	1.211.664	12.442.195	13.725.386	625.979

Accruals and deferred income

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Accruals and deferred income includes payments received relating to revenue in subsequent financial year.

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**Note
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Contingencies

Contingent liabilities

The Group has signed a rent agreement that is irrevocable until 31 December 2024. Commitment represents a total of 7.538 TDKK. The yearly commitment for rent is 1.739 TDKK. The Group has also signed a rent agreement that is irrevocable until 5 February 2023. Commitment represents a total of 10.354 TDKK. The yearly commitment for rent is 4.437 TDKK.

The Parent Company has signed a rent agreement that is irrevocable until 31 December 2024. Commitment represents a total of 7.538 TDKK. The yearly commitment for rent is 1.739 TDKK.

Joint liabilities

The Parent company is jointly and severally liable together with the parent company and the other group companies in the jointly taxed group for tax on the Group's jointly taxed income and for certain possible withholding taxes such as dividend tax and royalty tax, and for the joint registration of VAT.

Tax payable of the Group's jointly taxed income is stated in the annual report of BFL Holding Århus ApS, which serves as management company for the joint taxation.

IQ Metal Sp. z o.o. is an independent tax subject to IQ Metal A/S and BFL Holding Århus ApS.

Charges and securities

As security for all balances with banks, the company has given mortgage of 14.000 TDKK. The mortgage deeds are secured in inventory, goodwill, furniture, fixtures and accounts receivable. Furthermore, there are opposite bank issued mortgage deeds in furniture, fixtures and goodwill totalling 25.482 TDKK as per 30 September 2020.

The mortgage deeds are also with security in shares in IQ Metal Sp. z o.o. with a value of 27.447 TDKK as per 30 September 2020.

As security for lease debts per 30 September 2020 of 8.556 TDKK, the Parent company has given mortgage deeds in leased plants and machinery with a value of 8.012 TDKK.

As security for bank debts per 30 September 2020 of 43.809 TDKK, the Parent company has provided security of 18.6% of the mortgage, whilst the Parent Company's sister company, Ejendomsselskabet Birkemosevej 1 ApS, has provided security of 1.4%. The remaining 80% security is provided by Eksport Kredit Fonden EKF.

As security for Parent Company's sister company Ejendomsselskabet Birkemosevej 1 ApS's balances with the bank, the Parent Company has given guarantee for payments. The sister company's balance with the bank is 2.600 TDKK as per 30 September 2020.

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**Note
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Related parties

The Parent Company's related parties include:

Controlling interest

Member of board of executive Bo Fischer Larsen, Aarhus, is the controlling shareholder through his holding company BFL Holding Århus ApS's ownership.

Other related parties

Other related parties consists of Executive Board, Board of directors, these persons related family members and subsidiary IQ Metal Sp. z o.o. and the sistercompany Ejendomsselskabet Birkemosevej 1 ApS.

Transactions with related parties

The company has not had any transactions with related parties that are not agreed on terms with the markets.

IQ Metal A/S rents buildings owned by the sistercompany Ejendomsselskabet Birkemosevej 1 ApS. The rent is agreed on market-related terms.

Consolidated financial statement

The company is included in the consolidated financial statements of BFL Holding Århus ApS, Kystvejen 57, 8000 Aarhus C, CVR-no. 30 07 57 14.

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ACCOUNTING POLICIES

The annual report of IQ Metal A/S for 2019/20 is presented in accordance with the provisions of the Danish Financial Statements Act for enterprises in reporting class C, medium enterprise.

The accounting policies are consistent with the policies applied last year.

Consolidated financial statements

The consolidated financial statements include the parent company IQ Metal A/S and its subsidiaries in which IQ Metal A/S directly or indirectly holds more than 50 % of the voting rights or in any other way has a controlling influence. Enterprises in which the Group holds between 20 % and 50 % of the voting rights and exercises significant, but not controlling influence, are considered associates, see the group structure.

The consolidated financial statements consolidate the financial statements of the parent company and the subsidiaries by combining uniform accounts items. Intercompany income and expenses, shareholdings, internal balances and dividend, and realised and unrealised gains and losses arising from transactions between the consolidated enterprises are fully eliminated in the consolidation.

Investments in subsidiary enterprises are set off by the proportional share of the subsidiaries' market value of net assets and liabilities at the acquisition date.

INCOME STATEMENT

Net revenue

Net revenue from sale finished goods is recognised in the income statement if supply and risk transfer to purchaser has taken place before the end of the year and if the income can be measured reliably and is expected to be received. Net revenue is recognised exclusive of VAT, duties and less discounts related to the sale.

Where products with a high degree of individual adjustments are delivered, recognition in net revenue is made as and when the production progresses, the net revenue being equal to the sales value of the work performed for the year (the production method). This method is applied when the total costs and expenses regarding the contract and the degree of completion at the balance sheet date can be reliably assessed, and it is likely that the financial benefits will flow to the company.

Production costs

Production costs comprise costs, including wages and salaries and write-off, incurred to achieve the net revenue for the year. Commercial enterprises recognise cost of sales, and the manufacturing enterprises recognise production costs equal to the revenue for the year, including direct and indirect costs of raw materials and consumables, wages and salaries, rent and leasing and depreciation of production plant.

ACCOUNTING POLICIES

Distribution costs

The costs incurred for distribution of goods sold during the year and for sales campaigns carried out during the year are recognised in distribution costs. The costs of the sales personnel, advertising and exhibition costs and amortisation are also recognised in distribution costs.

Administrative expenses

Administrative expenses recognise costs incurred during the year regarding management and administration of the group, inclusive of costs relating to the administrative staff, executives, office premises, office expenses, etc. and related amortisation.

Investments in subsidiaries

The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill.

Financial income and expenses

Financial income and expenses include interest income and expenses, financial expenses of finance leases, realised and unrealised gains and losses arising from investments in financial assets, debt and transactions in foreign currencies, amortisation of financial assets and liabilities as well as charges and allowances under the tax-on-account scheme etc. Financial income and expenses are recognised in the Income Statement by the amounts that relate to the financial year.

Interest and other costs of borrowing for financing of manufacture of current assets and fixed assets are not recognised in the cost price.

Tax on profit for the year

The tax for the year, which consists of the current tax for the year and changes in deferred tax, is recognised in the Income Statement by the portion that may be attributed to the profit for the year, and is recognised directly in equity by the portion that may be attributed to entries directly to the equity.

ACCOUNTING POLICIES

BALANCE SHEET

Intangible fixed assets

Computer software are measured at cost less accumulated depreciation and impairment losses.

Intangible fixed assets are generally written down to the lower of recoverable value and carrying amount.

Profit or loss from sale of intangible fixed assets is calculated at the difference between the sales price and the carrying amount at the time of the sale. Profit and loss are recognised in the Income Statement under other operating income or other operating expenses.

Tangible fixed assets

Land and buildings, production plant and machinery, other plant, fixtures and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciation base is cost less estimated residual value after end of useful life.

The cost includes the acquisition price and costs incurred directly in connection with the acquisition until the time when the asset is ready to be used. As regards self-manufactured assets, the cost price includes cost of materials, components, subcontractors, direct payroll and indirect production costs.

Straight-line depreciation is provided on the basis of an assessment of the expected useful lives of the assets and their residual value as follows:

	Useful life	Residual value
Land and buildings	5-10 years	0-10 % of cost
Production plant and machinery	5-10 years	0-10 % of cost
Other plant, fixtures and equipment	3-8 years	0-10 % of cost
Lease improvement	10 years	0-10 % of cost

Profit or loss on disposal of tangible fixed assets is stated at the difference between the sales price less selling costs and the carrying amount at the time of sale. Profit or loss is recognised in the Income Statement as other operating income or other operating expenses.

ACCOUNTING POLICIES

Lease contracts

Lease contracts relating to tangible fixed assets where the Company bears all material risks and benefits attached to the ownership (finance lease) are recognised as assets in the Balance Sheet.

The assets are at the initial recognition measured at calculated cost equal to the lower of fair value and present value of the future lease payments. The internal interest rate of the lease contract is used as discounting factor or an approximate value when calculating the present value. Finance lease assets are depreciated similarly to the Company's other tangible fixed assets.

The capitalised residual lease liability is recognised in the Balance Sheet as a liability and the interest portion of the lease payment is recognised in the Income Statement over the term of the contract.

All other lease contracts are considered to be operating leases. Payments related to operating leases and other rental agreements are recognised in the Income Statement over the term of the contract. The Company's total liability relating to operating leases and rental agreements is disclosed as contingencies etc.

Fixed asset investments

Investments in subsidiaries are measured in the parent company balance sheet under the equity method.

Investments in subsidiaries are measured in the balance sheet at the proportional share of the enterprises' carrying equity value, calculated in accordance with the parent company's accounting policies with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of the residual value of positive or negative goodwill.

Net revaluation of investments in subsidiaries is transferred under the equity to reserve for net revaluation under the equity value method to the extent that the carrying amount exceeds the acquisition value.

Subsidiaries with a negative carrying equity value are measured to DKK 0 and any amounts due from these enterprises are written down to the extent that it is deemed to be irrecoverable. If the carrying negative equity value exceeds receivables, the residual amount is recognised under provision for liabilities to the extent that the parent company has a legal or actual liability to cover the subsidiary's negative balance.

Deposits include rental deposits which are recognised and measured at amortised cost. Deposits are not depreciated.

ACCOUNTING POLICIES

Impairment of fixed assets

The carrying amount of intangible and tangible fixed assets together with investments, which are not measured at fair value, are valued on an annual basis for indications of impairment other than that reflected by amortisation and depreciation.

In the event of impairment indications, an impairment test is made for each asset or group of assets, respectively. If the net realisable value is lower than the carrying amount, the assets are written down to the lower value.

The recoverable amount is calculated at the higher of net selling price and capital value. The capital value is determined as the fair value of the expected net cash flows from the use of the asset or group of assets and the expected net cash flows from sale of the asset or group of assets after the end of its useful life.

Inventories

Inventories are measured at cost using the FIFO method. If the net realisable value is lower than cost, the inventories are written down to the lower value.

The cost of merchandise as well as raw materials and consumables is calculated at acquisition price with addition of transportation and similar costs.

The cost of finished goods and work in progress includes cost of raw materials, consumables, direct payroll cost and indirect production cost. Indirect production costs include indirect materials and payroll and maintenance and depreciation of the machines, factory buildings and equipment used in the production process, cost of factory administration and management and capitalised development costs relating to the products.

The net realisable value of inventories is stated at sales price less completion costs and costs incurred to execute the sale and is determined with due regard to marketability, obsolescence and development in expected sales price.

Receivables

Receivables are measured at amortised cost which usually corresponds to nominal value. The value is written down to meet expected losses.

Accruals, assets

Accruals recognised as assets include costs incurred relating to the subsequent financial year.

ACCOUNTING POLICIES

Cash and cash equivalents

Cash and cash equivalents in the balance sheet include bank deposits.

Tax payable and deferred tax

Current tax liabilities and receivable current tax are recognised in the balance sheet at the calculated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and taxes paid on account.

The company is subject to joint taxation with Danish group companies. The current corporation tax is distributed among the joint taxable companies in proportion to their taxable income and with full allocation and refund related to tax losses. The joint taxable companies are included in the tax-on-account scheme. Joint taxation contributions receivable and payable are recognised in the balance sheet under current assets and liabilities, respectively.

Deferred tax is measured on the temporary differences between the carrying amount and the tax value of assets and liabilities.

Deferred tax assets, including the tax value of tax loss carry-forwards, are measured at the expected realisable value of the asset, either by set-off against tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that under the legislation in force on the balance sheet date will be applicable when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax resulting from changes in tax rates are recognised in the Income Statement, except from items recognised directly in equity.

Liabilities

Financial liabilities are recognised at the time of borrowing by the amount of proceeds received less borrowing costs. In subsequent periods, the financial liabilities are measured at amortised cost equal to the capitalized value when using the effective interest, the difference between the proceeds and the nominal value being recognised in the Income Statement over the term of loan.

Amortised cost for short-term liabilities usually corresponds to the nominal value.

The capitalised residual lease liability on finance lease contracts is also recognised as financial liabilities.

Accruals, liabilities

Accruals recognised as liabilities include payments received regarding income in subsequent years.

ACCOUNTING POLICIES

Foreign currency translation

Transactions in foreign currencies are translated at the rate of exchange on the transaction date. Exchange differences arising between the rate on the transaction date and the rate on the payment date are recognised in the Income Statement as a financial income or expense.

If the foreign exchange position is considered to hedge future cash flows, the unrealised exchange adjustments are recognised directly in the equity.

Receivables, payables and other monetary items in foreign currencies that are not settled on the balance sheet date are translated at the exchange rate on the balance sheet date. The difference between the exchange rate on the balance sheet date and the exchange rate at the time of occurrence of the receivables or payables is recognised in the Income Statement as financial income or expenses.

Fixed assets acquired in foreign currencies are translated at the rate of exchange on the transaction date.

On recognition of foreign subsidiaries that are not independent entities, but integrated entities, monetary items are translated at the exchange rate on the balance sheet date. Non-monetary items are translated at the rate at the time of acquisition or at the time of subsequent revaluation or write-down of the asset. The items of the Income Statement are translated at the rate on the transaction date, items derived from non-monetary items being translated at the historic rates of the non-monetary item.

The income statements of foreign subsidiaries and associates fulfilling the criteria for being independent entities are translated at an average exchange rate for the month and balance sheet items are translated at the rate of exchange on the balance sheet date. Exchange differences arising from translation of the equity of foreign subsidiaries at the beginning of the year to the rates of the balance sheet date and from translation of income statements from average rate to the rates of the balance sheet date are recognised directly in the equity.

Exchange adjustments of intercompany accounts with foreign subsidiaries that are deemed to be an addition to or deduction from the equity of independent subsidiaries are recognised directly in equity.

ACCOUNTING POLICIES

CASH FLOW STATEMENT

The cash flow statement shows the company's cash flows for the year for operating activities, investing activities and financing activities in the year, the change in cash and cash equivalents of the year and cash and cash equivalents at beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are computed as the results for the year adjusted for non-cash operating items, changes in net working capital and corporation tax paid.

Cash flows from investing activities

Cash flows from investing activities include payments in connection with purchase and sale of intangible and tangible fixed asset and fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or composition of share capital and related costs, and borrowings and repayment of interest-bearing debt and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents include bank overdraft and cash in hand.

