

Tantec A/S

Industrivej 6
6640 Lunderskov
Denmark

CVR no. 67 38 22 18

Annual report 2021

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

27 April 2022

Bernd Petersen

Chairman of the annual general meeting



Tantec A/S
Annual report 2021
CVR no. 67 38 22 18

Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	5
Company details	5
Operating review	6
Financial statements 1 January – 31 December	7
Income statement	7
Balance sheet	8
Statement of changes in equity	10
Notes	11

Tantec A/S
Annual report 2021
CVR no. 67 38 22 18

Statement by the Board of Directors and the Executive Board

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

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

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

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Kolding, 27 April 2022

Executive Board:



Morten Thrane



Kim Egede Saabye

Board of Directors:



Bernd Petersen
Chairman



Kurt Holmsted
Deputy chairman



Kim Egede Saabye



Morten Thrane



Christen Højgaard Nielsen



Christian Dalum



Independent auditor's report

To the shareholder of Tantec A/S

Opinion

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

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

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

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

Management's responsibility for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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



Independent auditor's report

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

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

Statement on the Management's review

Management is responsible for the Management's review.

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

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


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

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

Copenhagen, 27 April 2022

KPMG

Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Klaus Rytz
State Authorised
Public Accountant
mne33205



Stine Inger Pedersen
State Authorised
Public Accountant
mne47771

Tantec A/S
Annual report 2021
CVR no. 67 38 22 18

Management's review

Company details

Tantec A/S
Industrivej 6
6640 Lunderskov
Denmark

Website: www.tantec.com
E-mail: mail@tantec.com

CVR no.: 67 38 22 18
Established: 23 March 1982
Registered office: Kolding
Financial year: 1 January – 31 December

Board of Directors

Bernd Petersen, Chairman
Kurt Holmsted, Deputy chairman
Kim Egede Saabye
Morten Thrane
Christen Højgaard Nielsen
Christian Dalum

Executive Board

Morten Thrane
Kim Egede Saabye

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

The Company's main activities are production and sales of pretreatment plants for plastic and metal.

Development in activities and financial position

The Company's income statement for 2021 shows a profit of DKK 18,945 thousand as against DKK 17,004 thousand in 2020. Equity in the Company's balance sheet at 31 December 2021 stood at DKK 24,247 thousand as against DKK 20,545 thousand at 31 December 2020.

2021 was an unpredictable year due to COVID-19, but despite restrictions during the pandemic, the result for 2021 is considered satisfactory.

Events after the balance sheet date

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

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2021	2020
Gross profit	2	42,856	39,474
Staff costs	3	-19,663	-17,634
Depreciation, amortisation and impairment losses		-848	-849
Profit before financial income and expenses		22,345	20,991
Income from equity investments in group entities		1,209	651
Other financial income	4	433	142
Other financial expenses		-22	-123
Profit before tax		23,965	21,661
Tax on profit for the year	5	-5,020	-4,657
Profit for the year		18,945	17,004
Proposed profit appropriation			
Revaluation reserve		-72	0
Reserve for net revaluation under equity method		1,209	651
Proposed dividends for the year		20,000	15,500
Retained earnings		-2,192	853
		18,945	17,004

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
ASSETS			
Fixed assets			
Property, plant and equipment			
Land and buildings	6	3,258	3,537
Fixtures and fittings, tools and equipment		<u>1,546</u>	<u>1,530</u>
		<u>4,804</u>	<u>5,067</u>
Investments			
Equity investments in group entities	7	2,523	2,292
Participating interests		<u>75</u>	<u>75</u>
		<u>2,598</u>	<u>2,367</u>
Total fixed assets		<u>7,402</u>	<u>7,434</u>
Current assets			
Inventories			
Raw materials and consumables		6,361	5,876
Work in progress		5,036	2,218
Finished goods and goods for resale		<u>232</u>	<u>273</u>
		<u>11,629</u>	<u>8,367</u>
Receivables			
Trade receivables		8,460	5,719
Receivables from group entities		22,990	17,177
Prepayments		<u>191</u>	<u>213</u>
		<u>31,641</u>	<u>23,109</u>
Cash at bank and in hand		<u>1,453</u>	<u>653</u>
Total current assets		<u>44,723</u>	<u>32,129</u>
TOTAL ASSETS		<u>52,125</u>	<u>39,563</u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2021	31/12 2020
EQUITY AND LIABILITIES			
Equity			
Contributed capital		1,300	1,300
Revaluation reserve		793	865
Reserve for net revaluation under equity method		1,106	875
Retained earnings		1,048	2,005
Proposed dividends for the financial year		20,000	15,500
Total equity		24,247	20,545
Provisions			
Provisions for deferred tax		265	296
Other provisions		343	417
Total provisions		608	713
Liabilities other than provisions			
Non-current liabilities other than provisions			
	8		
Mortgage loans		1,883	2,065
Other payables		1,451	1,496
		3,334	3,561
Current liabilities other than provisions			
	8		
Current portion of non-current liabilities		182	184
Banks, current liabilities		3,418	96
Prepayments received from customers		8,562	4,329
Trade payables		5,869	3,590
Payables to group entities		81	54
Corporation tax		5,052	4,694
Other payables		772	1,797
		23,936	14,744
Total liabilities other than provisions		27,270	18,305
TOTAL EQUITY AND LIABILITIES		52,125	39,563
Contractual obligations, contingencies, etc.			
	9		
Mortgages and collateral	10		

Financial statements 1 January – 31 December

Statement of changes in equity

	Contributed capital	Revaluation reserve	Reserve for net revaluation under equity method	Retained earnings	Proposed dividends for the financial year	Total
DKK'000						
Equity at 1 January 2021	1,300	865	875	2,005	15,500	20,545
Exchange adjustment	0	0	257	0	0	257
Ordinary dividends paid	0	0	0	0	-15,500	-15,500
Transferred over the profit appropriation	0	-72	1,209	-2,192	20,000	18,945
Distributed dividends from investments in subsidiaries	0	0	-1,235	1,235	0	0
Equity at 31 December 2021	1,300	793	1,106	1,048	20,000	24,247

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Tantec A/S for 2021 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Omission of consolidated financial statements

Pursuant to section 110(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

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

Non-current assets purchased in foreign currency are translated at the exchange rate on the transaction date.

Government grants

Government grants are recognised when it is fairly certain that the grant conditions will be complied with, and the grant will be received.

Grants compensating for costs incurred are recognised directly as operating income in the income statement as costs eligible for grants are incurred. If the conditions for receiving the grant are not complied until after related costs have been recognised, the grant is to be recognised in the income statement when the conditions have been complied with and it is fairly certain that the grant will be awarded.

Grants to acquire assets are recognised in the balance sheet as deferred income/prepayments and transferred to other operating income in the income statement line with depreciation/amortisation of the assets covered by the grant.

Income statement

Revenue

Income from the sale of goods, comprising the sale of pretreatment plants for plastic and metal, is recognised in revenue when delivery and transfer of risk to the buyer have taken place, and the income may be measured reliably and is expected to be received.

Revenue is recognized excl. VAT and taxes and less discounts in connection with the sale.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other operating income

Other operating income comprises items secondary to the activities of the entity, including government grants.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

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

Income from equity investments in group entities and associates

The proportionate share of the individual group entities' profit/loss after tax is recognised in the Parent Company's income statement after full elimination of intra-group gains/losses and amortisation of goodwill.

Dividends from participating interest measured at cost are recognised as income in the income statement in the financial year when the dividends are declared.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The Company is jointly taxed with FPE Fem B ApS group's other entities.

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

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Balance sheet

Property, plant and equipment

On initial recognition, tangible fixed assets are measured at cost. Cost includes the purchase price and costs directly related to the acquisition until the time the asset is ready for use.

Land and buildings are subsequently measured at fair value.

The fair value is determined by regularly recurring assessments of all fair value.

Changes in the fair value in relation to the cost of the assets are offset against equity, taking into account deferred tax. If the fair value is lower than the cost, value adjustments are recognized in the income statement.

The fair value is divided into separate components, which are separately written if the useful life of the individual components is different.

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

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

Buildings	25 years
Fixtures and fittings, tools and equipment	5 years

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

Land is not depreciated.

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

Investments

Equity investments in group entities are measured at the proportionate share of the entities' net asset value calculated in accordance with the Parent Company's accounting policies plus or minus unrealised intra-group gains or losses and plus or minus the residual value of positive and negative goodwill calculated in accordance with the acquisition method.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Equity investments in group entities with negative net asset values are measured at DKK 0, and any receivables from these entities are written down to the extent that the receivables are deemed irrecoverable. To the extent that the Parent Company has a legal or constructive obligation to cover a negative balance exceeding the receivable, the residual amount is recognised as provisions.

Participating interests are measured at cost. In case of indication of impairment, an impairment test is conducted. When the cost exceeds the recoverable amount, write-down is made to this lower value.

Impairment of fixed assets

The carrying amount of property, plant and equipment as well as equity investments in group entities and participating interests is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables and direct wages.

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

Construction contracts

Contract work in progress is measured at cost including directly referable costs. On account profits are not recognised concerning contract work in progress.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Equity

Revaluation reserve

Revaluation reserve comprises net revaluation of land and buildings adjusted for deferred tax.

Reserve for net revaluation under equity method

Net revaluation reserve according to the equity method comprises net revaluation of equity investments in group entities in proportion to cost.

Dividends

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

Provisions

Provisions include expected costs for guarantee commitments and tax.

Warranties comprise obligations to make good any defects within the warranty period of 1-5 years. Provisions are recognised based on the Company's experience with warranties.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

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

Liabilities other than provisions

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

Other liabilities are measured at amortised cost.

2 Gross profit

Gross profit includes special items comprising compensation under COVID-19 government aid packages of DKK -18,9 thousand (2020: DKK 1,109).

DKK'000

	<u>2021</u>	<u>2020</u>
--	-------------	-------------

3 Staff costs

Wages and salaries	16,534	14,910
Pensions	2,679	2,357
Other social security costs	113	68
Other staff costs	<u>337</u>	<u>299</u>
	<u>19,663</u>	<u>17,634</u>

Average number of full-time employees	<u>30</u>	<u>29</u>
---------------------------------------	-----------	-----------

4 Financial income

Interest income from group entities	<u>433</u>	<u>142</u>
	<u>433</u>	<u>142</u>

5 Tax on profit for the year

Current tax for the year	5,051	4,694
Deferred tax for the year	<u>-31</u>	<u>-37</u>
	<u>5,020</u>	<u>4,657</u>

6 Property, plant and equipment

DKK'000	<u>Land and buildings</u>	<u>Fixtures and fittings, tools and equipment</u>	<u>Total</u>
Cost at 1 January 2021	9,861	5,584	15,445
Additions for the year	<u>0</u>	<u>585</u>	<u>585</u>
Cost at 31 December 2021	<u>9,861</u>	<u>6,169</u>	<u>16,030</u>
Revaluations at 1 January 2021	<u>2,309</u>	<u>0</u>	<u>2,309</u>
Revaluations at 31 December 2021	<u>2,309</u>	<u>0</u>	<u>2,309</u>
Depreciation and impairment losses at 1 January 2021	-8,633	-4,054	-12,687
Depreciation for the year	<u>-279</u>	<u>-569</u>	<u>-848</u>
Depreciation and impairment losses at 31 December 2021	<u>-8,912</u>	<u>-4,623</u>	<u>-13,535</u>
Carrying amount at 31 December 2021	<u>3,258</u>	<u>1,546</u>	<u>4,804</u>

Financial statements 1 January – 31 December

Notes

7 Investments

DKK'000	Equity investments in group entities	Participating interests	Total
Cost at 1 January 2021	1,417	75	1,492
Cost at 31 December 2021	1,417	75	1,492
Revaluations at 1 January 2021	875	0	875
Exchange rate adjustment	257	0	257
Net profit/loss for the year	1,111	0	1,111
Net change in internal profit	97	0	97
Dividends	-1,234	0	-1,234
Revaluations 31 December 2021	1,106	0	1,106
Carrying amount at 31 December 2021	2,523	75	2,598

8 Non-current liabilities other than provisions

DKK'000	Total debt at 31/12 2021	Repayment, first year	Outstanding debt after five years
Mortgage loans	2,065	182	1,157
Other payables	1,451	0	0
	3,516	182	1,157

9 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with other Danish companies in the FPE Fem B ApS.

Together with the other companies in the joint taxation, the Company has joint and several liability for Danish corporation taxes and VAT and withholding taxes on dividends, interest and royalties within the joint taxation

Remaining operating lease obligations at the balance sheet date fall due at DKK 85 thousand within 8 months (2020: DKK 202 thousand).

10 Mortgages and collateral

For mortgages to credit institutes, DKK 2,065 thousand (2020: DKK 2,249 thousand), have been pledged as collateral in land and buildings, the carrying amount of which is DKK 3,258 thousand (2020: DKK 3,537 thousand).

For collateral with Danske Bank, the company has deposited mortgage deeds in land and buildings totaling DKK 7.800 thousand, and for collateral with Spar Nord Bank, the company has deposited a company mortgage totaling DKK 4.000 thousand.