PcP Corporation A/S

Sverigesvej 2, 7480 Vildbjerg

Company reg. no. 35 24 21 47

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 29 April 2021.

Hans Lohmann
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the board of directors and the managing director have presented the annual report of PcP Corporation A/S for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2020, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

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

Vildbjerg, 17 March 2021

Managing Director

John Nielsen

Board of directors

Hans Lohmann Chairman	Niels Garde Toft	Jesper Kirkeby Hansen
Martin Krogh Pedersen		

Independent auditor's report

To the shareholders of PcP Corporation A/S

Opinion

We have audited the consolidated financial statements and the financial statements of PcP Corporation A/S for the financial year 1 January to 31 December 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively and consolidated statement af cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2020 and of the results of the company's activities, consolidated and of the company, respectively and of consolidated cash flows, for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

Responsibilities of management and those charged with governance for the consolidated financial statements and the financial statements

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

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

Independent auditor's report

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 financial statements.

As part of an audit conducted in accordance with international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 the 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 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 preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the 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.

Independent auditor's report

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the 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 the 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 financial statements does not cover the management commentary, and we express no assurance opinion thereon.

In connection with our audit of the consolidated financial statements and the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the consolidated financial statements or the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management commentary is consistent with the consolidated financial statements and the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Herning, 17 March 2021

Partner Revision
State Authorised Public Accountants
Company reg. no. 15 80 77 76

Peter Vinderslev
State Authorised Public Accountant
mne32848

Company information

The company	PcP Corporation A/S Sverigesvej 2 7480 Vildbjerg	
	Company reg. no.	35 24 21 47
	Domicile:	Herning
	Financial year:	1 January 2020 - 31 December 2020 8th financial year
Board of directors	Hans Lohmann, Chairman Niels Garde Toft Jesper Kirkeby Hansen Martin Krogh Pedersen	
Managing Director	John Nielsen	
Auditors	Partner Revision statsautoriseret revisionsaktieselskab Industrivej Nord 15 7400 Herning	
Bankers	Nordea Bank Danmark A/S, Østergade 4 - 6, 7400 Herning	
Parent company	Maj Invest Equity 4 K/S, Copenhagen, Denmark	
Subsidiaries	PcP. Danmark A/S, Herning, Denmark P.F. Værktøj. Herning ApS, Herning, Denmark Nordjysk Døgngalvanisering A/S, Rebild, Denmark ElefantRiste A/S, Herning, Denmark Elefant Gratings Ltd., Wolverhampton, England PcP. Norge AS, Stavanger, Norway PcP. Gratings Ltd., Wolverhampton, England PcP. Deutschland GmbH, Breckerfeld, Germany PcP. Nederland B.V., Oudenbosch, Netherlands PcP. Belgium S.A., Sprimont, Belgium PcP. Sverige AB, Gøteborg, Sweden Guardrail Engineering Ltd., Wolverhampton, England	

Consolidated financial highlights

DKK in thousands.	2020	2019	2018	2017	2016
Income statement:					
Net turnover	343.454	366.919	361.990	401.885	370.679
Gross profit	170.753	175.896	171.858	188.492	181.673
Profit from operating activities	22.622	26.396	29.388	44.454	45.606
Net financials	-4.123	-2.505	-3.968	-5.233	-3.535
Net profit or loss for the year	13.098	17.323	17.931	27.841	32.246
Statement of financial position:					
Balance sheet total	290.771	308.660	295.492	319.162	333.786
Investments in property, plant and equipment	10.758	16.180	6.386	9.207	7.499
Equity	182.958	170.665	152.085	137.069	105.376
Cash flows:					
Operating activities	47.594	26.305	34.022	50.658	53.212
Investing activities	-7.011	-11.442	-5.986	-8.573	-7.499
Financing activities	-18.194	-18.233	-36.580	-35.293	-42.518
Total cash flows	22.389	-3.370	-8.544	6.793	3.195
Employees:					
Average number of full-time employees	294	287	291	297	281
Key figures in %:					
Gross margin ratio	49,7	47,9	47,5	46,9	49,0
Profit margin (EBIT-margin)	6,6	7,2	8,1	11,1	12,3
Solvency ratio	62,9	55,3	51,5	42,9	31,6
Return on equity	7,4	10,7	12,4	23,0	22,2

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The principal activities and business model of the Group

PcP Corporation manufactures standard and custom products for any project, application, and industry where safety is of the essence in the global market. PcP high-quality products and safety solutions are developed based on a wide range of gratings, planks, and treads applied, i.e. industries such as industrial construction, building, food and pharma, on and offshore applications and scaffolding. The mission of PcP is to enable customers - no matter their industry - to safely operate in their business routine, supported and surrounded by innovative PcP solutions.

Development, design, and production is handled in Denmark. Besides, PcP Corporation has production facilities in the UK, The Netherlands and in Germany. Sales and technical support are handled from Denmark as well as from European subsidiaries.

PcP's focus is on maintaining and ever-improving flexibility, speed and efficiency developing and manufacturing standard and customized grating products, accessories and much more through PcP's MESH®, OPTIMO® and CUBE® product lines.

PcP always looks ahead, continuously developing solutions to meet the ever-changing customer needs. PcP Corporation has invested in engineering innovative - new to the world – products and solutions focusing on constantly improving safety for applications, i.e. access walkways, maintenance platforms, stairways. One of the latest inventions is the CUBE® grating series introduced to the global market.

To support International growth ambitions, a new brand identity and global website was launched in the fall of 2020. PcP Corporation merged seven previous country-specific websites under a new 'one-brand-one-website' vision. This promise ensures that existing and new partners meet the same identity and customer promise, no matter the market.

These changes were made at a time where PcP's safety solutions and products are in high demand all over Europe. The initiative supports what PcP Corporation always have done and will continue to be committed to.

For more information, visit PcP's website: www.pcp-corp.com/global

Management commentary

Development in activities and financial matters

In 2020, PcP Corporation achieved a total turnover of DKK 343, a decrease of 6% compared to 2019. PcP Corporation achieved a result before tax at MDKK 18 compared to MDKK 24 in 2019. The contribution level in 2020 was in line with the level in 2019, despite the decline in revenue due to Covid-19. The lower result before tax is primarily due to increased overhead costs allocated to support future business development and growth.

From year-end 2019 to year-end 2020, the balance sheet total changed from DKK 309 to MDKK 291.

Considering Covid-19 and the following challenges, the executive board and the board of directors consider the result for the year 2020 as acceptable under the circumstances.

The first months in 2020 showed positive progress until the world changed in March. The Covid-19 pandemic had a significant impact on the global economy. PcP faced challenges in terms of customer reactions to Covid-19. The responses differed from market to market.

In March 2020, PcP redesigned the strategy to manage the pandemic in the Group, the best way possible. This showed that the PcP organization is agile, flexible, and adaptable when business routines are under pressure.

PcP adopted new ways of doing business, using a digital approach to communicate and collaborate with customers collaborating across the globe. This approach proved to deliver healthy financial results despite the deviation of the original plans and expectations.

Management commentary

Expectations for 2021
The first months of the year 2021 continue to affect the business of PcP. Covid-19 creates uncertainties in the market and will keep affecting the business of PcP Corporation until the activities in the societies are normalized. PcP will thus continue to use digital communication methods and provide high-quality online service and information using digital automation, new website, and global campaigns to maintain existing customers and attract new prospects. The first months reflect a very positive online performance, having collected a large number of new prospects bringing value to grow PcP’s customer base. PcP will invest more in digital development to support brand awareness and attract new sales prospects across the Group. In conclusion, a new global website will support the sales strategy to penetrate new markets.

It is expected that PcP will achieve a positive development in 2021 due to projects, which are on hold and postponed, will start again when Covid-19 comes to an end. Thus, the future for PcP Corporation is expected to show an increase in activities and an improved result before tax. This is due to marketing, sales, and product development initiatives from previous years, combined with new opportunities to support growth expectations.

PcP is locally present with the subsidiaries PcP Gratings and Guardrail Engineering in the UK and able to manufacture and deliver solutions from the local subsidiaries. This set-up ensures that PcP can maintain the fast delivery of products to UK customers - despite the challenges of Brexit. PcP follows the development in this area thoroughly and expects the challenges to get solved.

Materiel business risks

PcP Corporation continuously strives to be competitive on prices in the markets in which it operates. Still, there will continue to be pressure on sales prices, which requires measures comprising continuous automation and efficiency improvements.

The application of raw materials like steel, aluminum etc., poses a particular risk since fluctuation in raw material purchasing prices does not always follow trends in the finished goods' market prices.

The management is aware of the challenge and is working continuously to minimize the risk. However, heavy increases in purchase prices of raw materials that began in 2021 may affect the company's performance during 2021.

The Group's credit risk on trade receivables is minimized by means of credit insurance, where it is considered prudent. The Group also cooperates with collection agencies to keep the actual losses on bad debts to a minimum. It is not, however, the Group's general policy to hedge commercial foreign exchange risks.

Financial risk

The board continuously assesses whether the capital structure of PcP Corporation is consistent with company interests and with the interests of company stakeholders. The main objective is to ensure a capital structure supporting the aim of long-term profitable growth.

On 31 December 2020, the net interest-bearing debts of PcP Corporation amounted to MDKK 20, and the solvency ratio was 63%. As the interest-bearing debt represents a minor amount, and parts of the debts have been incurred at fixed interest rates, any major changes in interest rates will only have a negligible effect on the consolidated earnings.

Management commentary

Statement of corporate social responsibility

This section is PcP Corporation's statement in accordance with §99a of the Danish Financial Statements Act. PcP Corporation uses many suppliers and partners, who can pose a risk if they do not share PcP Corporation's attitudes and values in the area of human rights.

In 2015, PcP Corporation implemented an overall policy for Corporate Social Responsibility, including human rights, climate and environment. Once per year CSR and the signed "Business Principles & Corporate Social Responsibility" is subject on the agenda for a Board Meeting. Latest 19.03.2020. Actions and decisions made by the board are noted and followed up via the summary of the Board Meeting. Please visit: https://www.pcp-corp.com/en/about/general/corporate-social-responsibility.

The CSR policy of PcP Corporation is based on the ten principles of corporate social responsibility in the UN Global Compact: The Universal Declaration of Human Rights (principles 1-2), The International Labor Organization’s Declaration on Fundamental Principles and Rights at Work (principles 3-6), The Rio Declaration on Environment and Development (principles 7-9) and The United Nations Convention Against Corruption (principle 10). PcP Corporation does not make a dedicated COP-report (Communication on Progress). Still, it has always been good practice and part of the values of PcP Corporation to manage for long-term sustainability and uphold responsible business ethics.

In 2020, PcP Corporation decided to commit to and to implement initiatives and KPIs related to UN's Sustainable Development Goals No. 8 (Decent Work and Economic Growth), No. 9 (Industry, Innovation and Infrastructure), No. 11 (Sustainable Cities and Communities) and No. 12 (Responsible Production and Consumption). They were implemented by PcP in a way where initiatives will be followed up on a regular basis.

Human rights and Fundamental Principles and Rights at Work (UN Global Compact principles 1-6)
PcP Corporation seeks to develop its core business and to handle its strategic challenges in a financially and socially responsible manner. PcP Corporation has activities in countries characterized by high levels of regulation and explicit legislation concerning human rights, but still attracting and retaining skilled employees can pose a risk to PcP Corporation, if PcP does not continue to focus on social and employee relationships. A part of the human attitude of PcP Corporation is equal opportunities for all employees irrespective of gender or ethnicity. PcP Corporation hires, remunerate and promote employees based on skills, competences, and performance - not according to gender (over-or under-represented), religion, nor race. PcP Corporation performs its business in a transparent and nondiscrimination manner - neither positive nor negative discriminating, and PcP Corporation upholds the freedom of association and the effective recognition of the right to collective bargaining.

The efforts in 2020 have therefore consisted in continuing to focus on the fact that suppliers and partners share PcP Corporation's set of attitudes and values in relation to human rights, which means that in 2020, PcP is not aware of exceedances of either local legislation or of exceedance of PcP Corporation's policy for human rights. Key functions of PcP Corporation (purchasing and sales) continue to receive training and instruction, to ensure that the staff knows the values and policies of the PcP Group, and to ensure that PcP stays in compliance with the rules.

PcP Corporation continuously develops employees' competence and flexibility and provides safe and healthy working conditions in the same way as PcP Corporation has entered a cooperation with local authorities and language schools about the activation of refugees and training of foreign workers. PcP Corporation carries out voluntary activities and social actions to achieve its strategic goals. The working environment in general and social responsibilities against individuals in the factories and in the administration are ongoing basis evaluated, and corrective actions are regularly implemented.

In 2020, PcP Corporation had an essential focus in all departments for a safe working environment to preventing occupational injuries through training the employees and following up on accidents as well as registered accidents.

Commitment to UN's Sustainable Development Goals No. 8 (Decent Work and Economic Growth) ensures an ongoing follow up, and the result of the registrations shows a LTIF rate (Lost Time Incident Frequency) of 11,4 measured over the period January-December 2020. In 2019 the figure was 7,6. The overall goal is zero. As a benchmark DA (Confederation of Danish Employers) measured a LTIF rate of 2,3 overall, 3,5 on manufacturing, blue collars and 3,3 overing the region of Denmark, where PcP Corporation is situated. Given the size of PcP Corporation and the number of manhours worked, only one accident within a 12 months period will cause a rate of 4.

PcP Corporation complies with legislation in the countries and local societies in which it is operating. Initiatives related to external parties such as suppliers and sub-contractors are to be evaluated.

Management commentary

Environmental issues (UN Global Compact principle 7-9)
PcP Corporation is environmentally conscious and is engaged in targeted and systematic efforts to continuously protect the environment through energy and material optimization, pollution prevention, waste minimization and environmental management. The goal is continually to reduce environmental impacts caused by the business operation. The ambition is to implement the same or similar politics and principles in all PcP Corporation entities and will promptly develop and implement plans and programs to correct any non-compliant practices.

PcP Corporation committed in 2020 to UN’s Sustainable Development Goals No. 9 (Industry, Innovation and Infrastructure), No. 11 (Sustainable Cities and Communities) and No. 12 (Responsible Production and Consumption).

Initiatives to use innovation resources for developing sustainable and resilient products for infrastructure and buildings and develop lighter products without compromising the key characteristics of the products are in place by PcP, and KPI’s for follow up are defined.

In 2020, PcP Corporation has invested in further automatization in the factories, among others, to reduce fossil fuel consumption and to reduce production waste. Recycling initiatives and new waste handling processes have been implemented, and KPI’s and targets for follow up are defined.

The efforts in 2020 concern suppliers and partners to share PcP Corporation's commitment to the UN's Sustainable Development Goals No. 12 (Responsible Production and Consumption). PcP Corporation prioritize cooperation with primary suppliers that follow plans for reducing carbon footprint, and a KPI has been defined to follow up on the target, saying that all primary suppliers must have plans and follows dem towards UN’s Sustainable Development Goals No. 12. Key employees of PcP Corporation’s purchase department receive training and instruction, to ensure that PcP Corporation and the suppliers keep focusing on UN’s Sustainable Development Goal No. 12.

All PcP Corporation companies are environmentally approved, if necessary, in accordance with local requirements. PcP Corporation is not involved in any pending environmental cases.

Corruption (UN Global Compact principle 10)
PcP Corporation works against corruption in all its forms, including extortion and bribery. PcP Corporation conducts its business with high ethical standards, honesty and respect for others, and complies with the laws and regulations in the countries PcP Corporation operates.

PcP Corporation has described policies on corruption and bribery. There are specific rules about gifts, whether it is to receive or give. There is ongoing follow-up on these rules. All travel expenses and other expenses that are not related to the direct business operation must be approved by the local Country Managers. All gifts above DKK 500 must be approved by the local Country Managers too. PcP is not aware of any corruption or bribery events by PcP Corporation during 2020.

Management commentary

Stakeholders and communication

PcP Corporation continuously seeks to develop and maintain good relationships with relevant stakeholders. Such relationships are considered to be of great value to the Group in terms of positive development.

PcP Corporation has drawn up a communications policy and additional policies on various key areas such as staff, environment and responsibility towards customers and society. The policies and related procedures are to ensure that information of importance for e.g. investors, employees and authorities is forwarded to same and published in accordance with current rules and agreements. Part of the responsibility of the board of directors is to ensure both compliance and current adaptation of the guidelines in accordance with the development within the Group as well as in its environment.

Staff matters and know-how

During the year, the Group has an increase in the number of competent and experienced employees, which has strengthened the Group's base in terms of commercial power, technical competence and managerial insight, while restructuring minor legal entities has resulted in a reduction in the number of employees.

Development in the total workforce:

	Denmark	Abroad
Staff beginning 2020	167	126
Recruitments net during the year	-6	-1
Staff year-end 2020	161	125

On average, PcP Corporation has employed 294 people during 2020. In 2019 the figure showed 287.

The engineering and production activity of PcP Corporation requires special skills and knowledge of the techniques in this particular field of business. The objective of the group is to always be up to speed with the latest developments within this field of expertise as well as to ensure rapid adaptability.

In order to continue to maintain the high level of knowledge it is crucial that PcP Corporation can continuously recruit and retain staff with the necessary professional skills in production and in administration.

Management commentary

Corporate governance

The board of directors and the executive board consistently seek to ensure that the company's management structure and control systems are appropriate and function satisfactorily. On an ongoing basis, the management also develops and maintains internal procedures to achieve the company's active, safe and profitable management.

The planning of management tasks is based on the Companies Act, the Danish Financial Statements Act, the Articles of Association of the Group, and good practice for companies of the same size and with the same international reach as PcP Corporation.

By virtue of its status as a company owned by a private equity fund, PcP Corporation strives to comply with the DVCA guidelines for responsible ownership and good corporate governance. The report refers to www.dvca.DK for further information on guidelines, and likewise. The usual channels shall publish the annual group accounts.

Target figures and policies for the under-represented sex

Pursuant to Danish legislation on gender composition (Section 99b of the Danish Financial Statements Act) and PcP Corporation’s commitment in 2020 to implement initiatives and KPIs related to UN’s Sustainable Development Goals No. 8 (Decent Work and Economic Growth), new attention is given to the split between genders. The commitment even considering that the business area of PcP Corporation is a traditionally male-dominated field. PcP Corporation must make an effort to get women into the organization at all levels. What is defined as ‘enough women' will always be influenced by the requirements of the position and the proportion of women with the right skills, education, ambitions, etc.

The commitment to UN’s Sustainable Development Goals No. 8 has forced a set of measurements and targets. The overall target states that the under-represented gender must represent a minimum of 19% at all levels. Ultimo 2020 the performance shows 20% on management level, 11% on mid-management level and on overall levels 19%. In 2019, the figures were 25%, 10% and overall, 17%. In 2018, the overall KPI showed 15%. When recruiting new managers, the first priority is competencies and skills, however, if two candidates have the same level qualifications, any woman will be given priority, and it is nice to see that the representation between the two gender is becoming more equal.

The owners of PcP Corporation originally decided that the members of the board appointed by the general meeting should represent a minimum of 25 % of the under-represented gender. In 2020, the gender balance of the company's board appointed by the general meeting showed: four men and no women and does not yet meet the target. The company is not currently considering changing the composition of the board of directors as there is a balance in respect of skills and capability. When a vacancy on the board occurs, the company will make sure that the law regarding the under-represented Gender is considered.

Management commentary

Responsibilities of the board of directors

On a current basis, the board of directors of PcP Corporation ensures that the executive board complies with the objectives, the strategies and the business procedures adopted. Information from the executive board is provided systematically at meetings and through written and oral reports. Such reporting includes developments in the outside world, the company's development and profitability and the financial position, including an evaluation of the business risks and of the financial risks.

In addition to the general meeting, the board of directors meets five times a year according to a scheduled meeting calendar. The agendas for the four meetings have been structured according to a rotation system, ensuring that the board during a calendar year will discuss all relevant issues. Between the ordinary board meetings, the board of directors are kept informed on a current basis of the company's results and financial position, and the board will be convened for extraordinary meetings if circumstances call for it. Further information concerning the board of directors appears in note 27.

Fee to the board of directors

Directors' fees and remuneration to the executive employees comprise a fixed salary with no incentive pay.

Shareholding by the board of directors, the executive board and the executive employees

At year-end, Maj Invest Equity 4 K/S and the executive board (via Nila Invest Herning ApS) have been registered as owners of a minimum of 5 % of the voting rights or of the share capital (share-holders ownership interest and voting rights are identical) in PcP Corporation. By means of an ownership interest of 74 %, the private equity fund Maj Invest Equity 4 K/S is controlling the company. Partner Mr. Niels Garde Toft represents the private equity fund on the board of directors.

Dividend policy

Any distribution of dividend will take place with due consideration to necessary consolidation of equity as a basis for the company's continued expansion.

Events subsequent to the financial year

No events have occurred subsequent to the balance sheet date that would have any material impact on the company’s financial position as per 31 December 2020.

Accounting policies

The annual report for PcP Corporation A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Certain fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Accounting policies

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.
Translation adjustment of balances with group enterprises abroad that are considered part of the total investment in group enterprises are recognised directly in equity in the fair value reserve. Likewise, foreign exchange gains and losses on loans and derived financial instruments for currency hedging independent group enterprises abroad are recognised directly in equity.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Derivatives
At their initial recognition, derivatives are recognised at cost in the statement of financial position. Hereafter, they measured at fair value. Positive and negative fair values of derivatives are recognised under other receivables and payables, respectively.

Changes in the fair value of derived financial instruments classified as and meeting the criteria for hedging the fair value of a recognised asset or a recognised liability are recognised in the income statement together with changes in the fair value of the hedged asset or the hedged liability.

Changes in the fair value of derived financial instruments classified as hedging of future cash flows are recognised in other receivables or other payables, and in equity.

If the future transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or costs, amounts recognised in equity on a continuing basis are transferred to the income statement for the period in which the hedged item affected the income statement.

For derived financial statements that are no longer recognised as hedging instruments, changes in fair value are recognised in the income statement on a current basis.

Accounting policies

The consolidated financial statements

The consolidated income statements comprise the parent company PcP Corporation A/S and those group enterprises of which PcP Corporation A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Investments in associates are measured in the statement of financial position at the proportionate share of the enterprises' equity value i calculated in accordance with the parent company's accounting policies and with proportionate elimination of unrealised intercompany gains and losses. In the income statement, the proportional share of the associates' results is recognised after elimination of the proportional share of intercompany gains and losses.

The group activities in joint operations are recognised in the consolidated financial statements record by record.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

Cost of sales

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Accounting policies

Other operating income
Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets and government grants.

Other external costs
Other external costs comprise costs for distribution, sales, advertisement, administration, premises, loss on debtors, and operational leasing costs.

Staff costs
Staff costs include salaries and wages including holiday allowances, pensions and other costs for social security etc. for staff members. Staff costs are less public reimbursements.

Depreciation, amortisation and writedown
Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Financial income and expenses
Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises
After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax of the results for the year
The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

The parent and the Danish group enterprises are subject to the Danish rules on compulsory joint taxation of the consolidated Danish enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish tax payable of the income of the Danish consolidated companies is paid to the tax authorities by the company.

The current Danish corporate tax is allocated among the jointly taxed companies in proportion to their respective taxable income (full allocation with reimbursement of tax losses).

The balance sheet

Intangible assets

Development projects, patents, and licences

Patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and licenses are amortised over the contract period, however, for a maximum of 10 years.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 5 and 20 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile.

Property, plant, and equipment

Property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

The depreciable amount is cost less any expected residual value after the end of the useful life of the asset. The amortisation period and the residual value are determined at the acquisition date and reassessed annually. If the residual value exceeds the carrying amount, the depreciation is discontinued.

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

The cost comprises acquisition cost and costs directly associated with the acquisition until the time when the asset is ready for use.

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

Depreciation is done on a straight-line basis according to an assessment of the expected useful life:

	Useful life
Property	20-50 years
Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the income statement in the year of acquisition.

Profit or loss derived from the disposal of property, plant, and equipment is measured as the difference between the sales price less selling costs and the carrying amount at the date of disposal. Profit or loss is recognised in the income statement as other operating income or other operating expenses.

Leases

The enterprise will be applying IAS 17 as its base of interpretation for recognition of classification and recognition of leases.

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the group holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

All other leases are regarded as operating leases. Payments in connection with operating leases and other lease agreements are recognised in the income statement for the term of the contract. The group's total liabilities concerning operating leases and lease agreements are recognised under contingencies, etc.

Impairment loss relating to non-current assets

The carrying amount of both intangible and tangible fixed assets as well as equity investments in group enterprises are subject to annual impairment tests in order to disclose any indications of impairment beyond those expressed by amortisation and depreciation respectively.

If indications of impairment are disclosed, impairment tests are carried out for each individual asset or group of assets, respectively. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

Previously recognised impairment losses are reversed when conditions for impairment no longer exist. Impairment relating to goodwill is not reversed.

Financial fixed assets

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Inventories

Inventories are measured at cost according to the FIFO method. In cases when the net realisable value of the inventories is lower than the cost, the latter is written down for impairment to this lower value.

Costs of goods for resale, raw materials, and consumables comprise acquisition costs plus delivery costs.

Accounting policies

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

The net realisable value for inventories is recognised as the market price less costs of completion and selling costs. The net realisable value is determined with due consideration of negotiability, obsolescence, and the development of expected market prices.

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired. If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserve for net revaluation according to the equity method

The reserve for net revaluation according to the equity method comprises net revaluation of equity investments in subsidiaries, associates and equity interests proportional to cost.

The reserve may be eliminated in the event of losses, realisation of equity investments, or changes in the accounting estimates.

The reserve cannot be recognised by a negative amount.

Accounting policies

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Reserve for hedging transactions

The reserve for hedging transactions arises when hedging instruments are subject to fair value adjustments.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

As administration company, PcP Corporation A/S is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Accrued expenses and deferred income

Received payments concerning income during the following years are recognised under accrued expenses and deferred income.

Statement of cash flows

The cash flow statement shows the cash flows for the year, divided in cash flows deriving from operating activities, investment activities and financing activities, respectively, the changes in the liabilities, and cash and cash equivalents at the beginning and the end of the year, respectively.

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Accounting policies

Cash flows from investment activities

Cash flows from investment activities comprise payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible assets, property, plant, and equipment, and investments, respectively.

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts and short-term securities with a maturity less than 3 months that are readily convertible into cash and which are subject to an insignificant risk of changes in value.

Segmental statement

Information on activity and geographical markets is provided. The segmental statement complies with the consolidated accounting policies, risks, and management control systems of the company.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
1	Net turnover	343.453.672	366.919.434	249.600	249.600
	Change in inventories of finished goods and work in progress	-3.751.634	-4.700.629	0	0
	Other operating income	3.404.423	4.533.939	0	0
	Raw materials and consumables used	-127.563.420	-141.173.644	0	0
	Other external costs	-44.789.654	-49.683.502	-330.497	-766.035
	Gross profit	**170.753.387**	**175.895.598**	**-80.897**	**-516.435**
3	Staff costs	-130.079.722	-131.538.028	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-18.051.610	-17.961.824	-200.004	-200.004
	Operating profit	**22.622.055**	**26.395.746**	**-280.901**	**-716.439**
	Income from equity investments in group enterprises	0	0	14.142.305	19.253.357
	Other financial income from group enterprises	0	0	204.793	415.610
	Other financial income	121.330	69.047	65.503	329
4	Other financial costs	-4.244.715	-2.574.483	-1.299.662	-2.009.215
	Pre-tax net profit or loss	**18.498.670**	**23.890.310**	**12.832.038**	**16.943.642**
	Tax on ordinary results	-5.400.227	-6.566.920	266.405	379.748
5	**Net profit or loss for the year**	**13.098.443**	**17.323.390**	**13.098.443**	**17.323.390**

Statement of financial position at 31 December

All amounts in DKK.

Assets

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Non-current assets				
6	Concessions, patents, licenses, trademarks, and similar rights acquired	483.303	683.307	483.303	683.307
7	Goodwill	77.041.221	83.245.869	0	0
	Total intangible assets	77.524.524	83.929.176	483.303	683.307
8	Property	58.210.952	63.349.601	0	0
9	Plant and machinery	17.740.108	14.894.565	0	0
10	Other fixtures and fittings, tools and equipment	6.403.844	7.471.703	0	0
	Total property, plant, and equipment	82.354.904	85.715.869	0	0
11	Equity investments in group enterprises	0	0	205.307.520	205.505.207
	Total investments	0	0	205.307.520	205.505.207
	Total non-current assets	**159.879.428**	**169.645.045**	**205.790.823**	**206.188.514**

Statement of financial position 31 December

All amounts in DKK.

Assets

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Current assets				
	Raw materials and consumables	21.843.728	22.578.054	0	0
	Work in progress	11.651.790	12.553.279	0	0
	Manufactured goods and trade goods	17.593.900	20.444.045	0	0
	Total inventories	51.089.418	55.575.378	0	0
	Trade debtors	37.320.228	48.630.405	0	0
	Amounts owed by group enterprises	0	0	12.664.439	18.772.191
	Receivable corporate tax	0	0	3.956.404	5.026.604
	Other debtors	1.573.135	2.564.176	5.788	5.500
12	Accrued income and deferred expenses	1.754.762	909.837	0	0
	Total receivables	40.648.125	52.104.418	16.626.631	23.804.295
	Available funds	39.153.702	31.334.998	0	0
	Total current assets	**130.891.245**	**139.014.794**	**16.626.631**	**23.804.295**
	Total assets	**290.770.673**	**308.659.839**	**222.417.454**	**229.992.809**

Statement of financial position at 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Equity				
13	Contributed capital	10.000.000	10.000.000	10.000.000	10.000.000
	Reserves for net revaluation as per the equity method	0	0	0	0
	Reserve for foreign currency translation	-937.588	0	0	0
	Reserve for hedging transactions	132.191	0	132.191	0
	Retained earnings	173.763.038	160.664.595	172.825.450	160.664.595
	Total equity	**182.957.641**	**170.664.595**	**182.957.641**	**170.664.595**
	Provisions				
14	Provisions for deferred tax	3.771.033	3.616.494	94.961	138.962
	Total provisions	**3.771.033**	**3.616.494**	**94.961**	**138.962**
	Liabilities other than provisions				
15	Mortgage debt	15.589.424	19.178.768	0	0
16	Other banking institutions	0	45.000.000	0	45.000.000
17	Bank debts	5.213.822	1.831.197	0	0
18	Leasing liabilities	2.487.252	3.429.345	0	0
19	Other debts	7.110.225	2.545.526	0	0
	Total long term liabilities other than provisions	30.400.723	71.984.836	0	45.000.000

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Current portion of long term payables	28.426.682	5.036.702	23.000.000	0
	Bank debts	0	14.570.407	8.214.817	14.048.245
	Prepayments received from customers	551.313	656.779	0	0
	Trade creditors	18.419.959	19.358.997	0	0
	Debt to group enterprises	0	0	7.945.585	0
	Corporate tax	546.618	908.036	0	0
	Other debts	25.501.988	21.550.620	204.450	141.007
20	Accrued expenses and deferred income	194.716	312.373	0	0
	Total short term liabilities other than provisions	73.641.276	62.393.914	39.364.852	14.189.252
	Total liabilities other than provisions	**104.041.999**	**134.378.750**	**39.364.852**	**59.189.252**
	Total equity and liabilities	**290.770.673**	**308.659.839**	**222.417.454**	**229.992.809**

2 Disclosures on fair value
21 Fee, auditor
22 Charges and security
23 Contingencies
24 Financial risks
25 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital not paid	Reserve for foreign currency translation	Reserve for hedging transactions	Retained earnings	Total
Equity 1 January 2019	10.000.000	0	0	142.085.304	152.085.304
Profit or loss for the year brought forward	0	0	0	17.323.390	17.323.390
Exhange rate adjustments	0	0	0	1.154.926	1.154.926
Adjustment previus year	0	0	0	13.154	13.154
Market value adjustment swap contract	0	0	0	87.821	87.821
Equity 1 January 2020	10.000.000	0	0	160.664.595	170.664.595
Profit or loss for the year brought forward	0	0	0	13.098.443	13.098.443
Market value adjustment swap	0	0	169.476	0	169.476
Tax on adjustment	0	0	-37.285	0	-37.285
Exhange rate adjustments	0	-937.588	0	0	-937.588
	10.000.000	**-937.588**	**132.191**	**173.763.038**	**182.957.641**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Reserve for net revalua-tion according to the eq-uity method	Reserve for hedging transactions	Retained earnings	Total
Equity 1 January 2019	10.000.000	0	0	142.085.304	152.085.304
Transferred	0	11.804.667	0	-11.804.667	0
Distributed dividend	0	-32.313.925	0	32.313.925	0
Share of results	0	19.253.357	0	-1.929.967	17.323.390
Exchange rate adjustments	0	1.154.926	0	0	1.154.926
Capital movements group enterprises	0	100.975	0	0	100.975
Equity 1 January 2020	10.000.000	0	0	160.664.595	170.664.595
Transferred	0	3.795.283	0	-3.795.283	0
Distributed dividend	0	0	0	17.000.000	17.000.000
Share of results	0	14.142.305	0	-1.043.862	13.098.443
Fair value adjustments of hedging instruments for the year	0	0	169.476	0	169.476
Tax on adjustment	0	0	-37.285	0	-37.285
Exchange rate adjustments	0	-937.588	0	0	-937.588
Distributed dividend	0	-17.000.000	0	0	-17.000.000
	10.000.000	**0**	**132.191**	**172.825.450**	**182.957.641**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2020	2019
	Net profit or loss for the year	13.098.443	17.323.390
26	Adjustments	25.712.237	22.728.216
	Change in working capital	18.513.927	-5.105.514
	Cash flows from operating activities before net financials	57.324.607	34.946.092
	Interest received and similar amounts	121.330	69.047
	Interest paid, etc.	-4.244.715	-2.574.483
	Cash flows from ordinary activities	53.201.222	32.440.656
	Income tax paid	-5.607.106	-6.135.376
	Cash flows from operating activities	**47.594.116**	**26.305.280**
	Purchase of fixed asset investments	-10.757.857	-16.180.034
	Sale of tangibel fixed assets	3.746.985	4.738.137
	Cash flows from investment activities	**-7.010.872**	**-11.441.897**
	Repayments of long-term payables	-18.194.133	-18.233.437
	Cash flows from investment activities	**-18.194.133**	**-18.233.437**
	Change in cash and cash equivalents	**22.389.111**	**-3.370.054**
	Available funds 1 January	16.764.591	20.134.645
	Cash and cash equivalents at 31 December	**39.153.702**	**16.764.591**

	Cash and cash equivalents		
	Available funds	39.153.702	31.334.998
	Short-term bank debts	0	-14.570.407
	Cash and cash equivalents at 31 December	**39.153.702**	**16.764.591**

Notes

All amounts in DKK.

1. Net turnover

Segment information

Information on activity and geographical markets is provided. The segment information follows the consolidated accounting policies, risks and internal financial control systems.

All amounts in TDKK

Year 2020

Gratings ect. 258.506, other goods 84.948, total 343.454.

Skandinavia 194.824, other countries 148.630, total 343.454.

Year 2019

Gratings ect. 260.334, other goods 106.585, total 366.919.

Skandinavia 204.586, other countries 162.333, total 366.919.

2. Disclosures on fair value

	Derived financial instruments
Fair value at 31 December	-473.373
Change in fair value of the year recognised in the statement of financial activity	0
Change in fair value of the year recognised in the equity	169.476

	Group		Parent	
	2020	2019	2020	2019
3. Staff costs				
Salaries and wages	113.575.719	115.690.573	0	0
Pension costs	7.993.347	7.419.007	0	0
Other staff costs	8.510.656	8.428.448	0	0
	130.079.722	**131.538.028**	**0**	**0**
Executive board and board of directors	2.510.010	2.509.910	0	0
Average number of employees	294	287	0	0

Notes

All amounts in DKK.

		Group 2020	Group 2019	Parent 2020	Parent 2019
4.	**Other financial costs**				
	Financial costs, group enterprises	0	0	17.243	0
	Other financial costs	4.244.715	2.574.483	1.282.419	2.009.215
		4.244.715	**2.574.483**	**1.299.662**	**2.009.215**

		Parent 2020	Parent 2019
5.	**Proposed distribution of the results**		
	Reserves for net revaluation as per the equity method	14.142.305	19.253.357
	Allocated from results brought forward	-1.043.862	-1.929.967
	Distribution in total	**13.098.443**	**17.323.390**

		Group 31/12 2020	Group 31/12 2019	Parent 31/12 2020	Parent 31/12 2019
6.	**Concessions, patents, licenses, trademarks, and similar rights acquired**				
	Cost 1 January	2.000.000	2.000.000	2.000.000	2.000.000
	Cost 31 December	**2.000.000**	**2.000.000**	**2.000.000**	**2.000.000**
	Amortisation and writedown 1 January	-1.316.693	-1.116.689	-1.316.693	-1.116.689
	Amortisation for the year	-200.004	-200.004	-200.004	-200.004
	Amortisation and writedown 31 December	**-1.516.697**	**-1.316.693**	**-1.516.697**	**-1.316.693**
	Carrying amount, 31 December	**483.303**	**683.307**	**483.303**	**683.307**

Notes

All amounts in DKK.

		Group	
		31/12 2020	31/12 2019
7.	**Goodwill**		
	Cost 1 January	124.093.135	124.093.135
	Cost 31 December	**124.093.135**	**124.093.135**
	Amortisation and writedown 1 January	-40.847.266	-34.642.618
	Amortisation for the year	-6.204.648	-6.204.648
	Amortisation and writedown 31 December	**-47.051.914**	**-40.847.266**
	Carrying amount, 31 December	**77.041.221**	**83.245.869**

8.	**Property**		
	Cost 1 January	137.486.534	138.917.048
	Translation by use of the exchange rate valid on balance sheet date 31 December	-620.744	524.903
	Additions during the year	726.583	4.323.221
	Disposals during the year	-2.600.852	-6.278.638
	Cost 31 December	**134.991.521**	**137.486.534**
	Depreciation and writedown 1 January	-74.136.933	-76.127.480
	Translation by use of the exchange rate valid on balance sheet date 31 December	151.685	-116.294
	Depreciation for the year	-3.833.162	-3.801.380
	Depreciation and writedown, assets disposed of	1.037.841	5.908.221
	Depreciation and writedown 31 December	**-76.780.569**	**-74.136.933**
	Carrying amount, 31 December	**58.210.952**	**63.349.601**

Notes

All amounts in DKK.

		Group	
		31/12 2020	31/12 2019
9.	**Plant and machinery**		
	Cost 1 January	143.836.395	138.229.357
	Translation by use of the exchange rate valid on balance sheet date 31 December	-646.832	495.258
	Additions during the year	7.489.768	9.953.349
	Disposals during the year	-3.877.555	-4.841.569
	Cost 31 December	**146.801.776**	**143.836.395**
	Depreciation and writedown 1 January	-128.941.830	-128.776.981
	Translation by use of the exchange rate valid on balance sheet date 31 December	547.957	-427.250
	Depreciation for the year	-4.545.350	-4.554.424
	Depreciation and writedown, assets disposed of	3.877.555	4.816.825
	Depreciation and writedown 31 December	**-129.061.668**	**-128.941.830**
	Carrying amount, 31 December	**17.740.108**	**14.894.565**
	Lease assets are recognised at a carrying amount of	2.932.284	3.326.445

Notes

All amounts in DKK.

		Group 31/12 2020	31/12 2019
10.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January	20.130.199	19.897.026
	Translation by use of the exchange rate valid on balance sheet date 31 December	-60.683	43.908
	Additions during the year	2.541.506	1.903.464
	Disposals during the year	-1.749.787	-1.714.199
	Cost 31 December	**20.861.235**	**20.130.199**
	Depreciation and writedown 1 January	-12.658.496	-11.106.474
	Translation by use of the exchange rate valid on balance sheet date 31 December	40.753	-27.841
	Depreciation for the year	-3.416.413	-3.234.981
	Depreciation and writedown, assets disposed of	1.576.765	1.710.800
	Depreciation and writedown 31 December	**-14.457.391**	**-12.658.496**
	Carrying amount, 31 December	**6.403.844**	**7.471.703**
	Lease assets are recognised at a carrying amount of	889.130	1.122.770

Notes

All amounts in DKK.

	Parent 31/12 2020	31/12 2019
11. Equity investments in group enterprises		
Acquisition sum, opening balance 1 January	239.739.602	239.739.602
Additions during the year	3.465.405	0
Cost 31 December	**243.205.007**	**239.739.602**
Revaluations, opening balance 1 January	6.612.871	12.212.890
Exchange rate adjustment	-937.588	1.154.926
Results for the year before goodwill amortisation	20.346.953	25.458.005
Dividend	-17.000.000	-32.313.925
Other movements in capital	132.191	100.975
Revaluation 31 December	**9.154.427**	**6.612.871**
Amortisation of goodwill, opening balance 1 January	-40.847.266	-34.642.618
Amortisation of goodwill for the year	-6.204.648	-6.204.648
Depreciation on goodwill 31 December	**-47.051.914**	**-40.847.266**
Carrying amount, 31 December	**205.307.520**	**205.505.207**
The item includes goodwill with an amount of	77.041.221	83.245.869

Group enterprises:

	Domicile	**Equity interest**
PcP. Danmark A/S	Herning, Denmark	100 %
P.F. Værktøj. Herning ApS	Herning, Denmark	100 %
Nordjysk Døgngalvanisering A/S	Rebild, Denmark	100 %
ElefantRiste A/S	Herning, Denmark	100 %
Elefant Gratings Ltd.	Wolverhampton, England	100 %
PcP. Norge AS	Stavanger, Norway	100 %
PcP. Gratings Ltd.	Wolverhampton, England	100 %
PcP. Deutschland GmbH	Breckerfeld, Germany	100 %
PcP. Nederland B.V.	Oudenbosch, Netherlands	100 %
PcP. Belgium S.A.	Sprimont, Belgium	100 %
PcP. Sverige AB	Gøteborg, Sweden	100 %
Guardrail Engineering Ltd.	Wolverhampton, England	100 %

Notes

All amounts in DKK.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
12. Accrued income and deferred expenses				
Prepaid insurance and subscriptions	1.754.762	909.837	0	0
	1.754.762	**909.837**	**0**	**0**
13. Contributed capital				
Contributed capital 1 January	10.000.000	10.000.000	10.000.000	10.000.000
	10.000.000	**10.000.000**	**10.000.000**	**10.000.000**

The share capital consists of 10.000.000 shares, each with a nominal value of DKK 1. No shares hold particular rights.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
14. Provisions for deferred tax				
Provisions for deferred tax 1 January	3.616.494	4.134.956	138.962	120.106
Deferred tax of the results for the year	154.539	-518.462	-44.001	18.856
	3.771.033	**3.616.494**	**94.961**	**138.962**
The following items are subject to deferred tax:				
Intangible fixed assets	94.961	138.962	94.961	138.962
Tangible fixed assets	4.071.774	3.997.218	0	0
Internal profit inventories	-654.638	-816.748	0	0
Current assets	237.911	263.071	0	0
Liabilities	21.025	33.991	0	0
	3.771.033	**3.616.494**	**94.961**	**138.962**

Notes

All amounts in DKK.

		Group		Parent	
		31/12 2020	31/12 2019	31/12 2020	31/12 2019
15.	**Mortgage debt**				
	Mortgage debt in total	19.249.066	22.774.616	0	0
	Share of amount due within 1 year	-3.659.642	-3.595.848	0	0
		15.589.424	**19.178.768**	**0**	**0**
	Share of liabilities due after 5 years	4.921.739	5.849.279	0	0
16.	**Other banking institutions**				
	Other banking institutions in total	23.000.000	45.000.000	23.000.000	45.000.000
	Share of amount due within 1 year	-23.000.000	0	-23.000.000	0
		0	**45.000.000**	**0**	**45.000.000**
	Share of liabilities due after 5 years	0	0	0	0
17.	**Bank debts**				
	Bank debts in total	5.898.927	2.315.944	0	0
	Share of amount due within 1 year	-685.105	-484.747	0	0
		5.213.822	**1.831.197**	**0**	**0**
	Share of liabilities due after 5 years	3.194.309	131.900	0	0

Notes

All amounts in DKK.

		Group 31/12 2020	31/12 2019
18.	**Leasing liabilities**		
	Leasing liabilities in total	3.480.616	4.385.452
	Share of amount due within 1 year	-993.364	-956.107
		2.487.252	**3.429.345**
	Share of liabilities due after 5 years	0	0
19.	**Other debts**		
	Other debts in total	7.198.796	2.545.526
	Share of amount due within 1 year	-88.571	0
	Other debts in total	**7.110.225**	**2.545.526**
	Share of liabilities due after 5 years	5.356.176	1.862.342
20.	**Accrued expenses and deferred income**		
	Prepayments/deferred income	194.716	312.373
		194.716	**312.373**
21.	**Fee, auditor**		
	Total fee for auditors	1.119.235	1.191.999
	Fee concerning compulsory audit, Partner Revision A/S	341.600	398.500
	Fee concerning compulsory audit, others	441.864	456.599
	Other services	335.771	336.900
		1.119.235	**1.191.999**

Notes

All amounts in DKK.

22. Charges and security

Parent enterprise

Stocks/shares in Danish and Swedish group enterprises representing a book value of 166.430 TDKK on 31 december 2020 are provided as security for the group commitment to Nordea Bank A/S, credit line 35.000 TDKK.

There has been given a negative pledge as security for the company and some group enterprises accounts with banks.

Group

There has been given a negative pledge as security for group enterprises accounts with banks.

As security for the mortgage/bank debt, 56.363 TDKK, mortgage nominal 98.679 TDKK has been granted on land and property representing a book value of 57.605 TDKK on 31 december 2020.

Chattel mortgage deed 3.000 TDKK on specific machine.
The machine is representing a book value of 0 DKK on 31 December 2020.

There is provided mortgage deed in some operating assets as security for bank debt and leasing liabilities. The operating assets is representing a book value of 3.979 TDKK on 31 December 2020. Debt on 31 December 2020 3.481 TDKK.

Notes

All amounts in DKK.

23. Contingencies

Contingent assets

The Group has a off balance deferred tax asset in some group enterprises taken into account the uncertainties regarding their timely utilization. The off balance deferred tax asset amount to 3.060 TDKK.

Contingent liabilities

Parent enterprise

The company has provided guarantees for the bank debts of the group enterprises credit line 35.000 TDKK.

There has been given a letter of support for group enterprises.

The company has provided guarantees for mortgage debt in some group companies, debt 31 December 2020 15.439 TDKK.

The company has provided guarantees for lease debt in some group companies, debt 31 December 2020 3.209 TDKK.

Group

Operational leasing contracts with an average annual leasing payment 2.922 TDKK.
Total outstanding leasing payments 5.912 TDKK.

Rent contracts with an average annual rent 1.712 TDKK.
The rent in the notice period 5.340 TDKK.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

The company is unlimited jointly and severally liable with the other jointly taxed companies for any obligation to withhold tax on interest, royalties and dividends.

Notes

All amounts in DKK.

24. Financial risks

Interest rate risks

The group has entered an interest rate swap agreement in order to limit the interest rate risk in relation to a mortgage loan with a floating interest rate. Changes in the market value of the interest rate swap are recognised directly in equity. Market value interest rate swap agreement on 31/12 2020 -473.373 DKK is booked under other debts. The market value interest rate swap agreement comprises nominal 817.051 EUR and interest rate between 1,5 % and 3,0 %.

25. Related parties

Controlling interest

Maj Invest Equity 4 K/S — Majority shareholder
Copenhagen
Denmark

Other related parties
Group enterprises, members of the board and executive board of the group enterprises. Together they own 18 % of the share capital.

Transactions

All transactions have been carried out on an arm's length basis and therefore ÅRL § 98c, stk. 7 is in use.

	Group 2020	Group 2019
26. Adjustments		
Depreciation and amortisation	18.051.610	17.961.824
Profit from sale of fixed assets	-1.862.985	-4.305.964
Other financial income	-121.330	-69.047
Other financial costs	4.244.715	2.574.483
Tax on ordinary results	5.400.227	6.566.920
	25.712.237	**22.728.216**

Notes

All amounts in DKK.

27. Board information

Hans Lohmann (Appointed by MIE4 Holding 3 ApS per 15.05.2013):
Executive board: Bluecap Invest ApS.

Board of directors: PcP Corporation A/S, PcP. Danmark A/S, Ellepot A/S, Koatek A/S, Nordjysk Døgngalvanisering A/S, Elefantriste A/S, Arne Poulsen Automobiler A/S, Sjørring Maskinfabrik A/S, Sjørring Invest ApS, Milton Megatherm A/S, Roll-O-Matic A/S, Koatek Ejendomme ApS, Budweg Caliper A/S, Caphol Budweg Caliper ApS, Ellegaard Investment I ApS, Metallum Holding ApS.

Niels Garde Toft (Appointed by MIE4 Holding 3 ApS per 27.06.2013):
Executive board: Aclass Holding ApS, LDE Holding 13 Aps, RoM Invest ApS, MIE5 Holding 7 ApS, Maks ApS.

Board of directors: PcP Corporation A/S, PcP. Danmark A/S, Fonden LDE 2 GP, Aclass A/S, Equity Datterholding 13 ApS, Roll-O-Matic A/S.

Martin Krogh Pedersen (Appointed by Nila Invest, Herning ApS per 15.05.2013):
Executive board: KP Components Group A/S, MHKP Holding ApS, MHKPO ApS, MHKPS ApS.

Board of directors: PcP Corporation A/S, PcP. Danmark A/S, Ringkjøbing Landbobank Aktieselskab, KP Components A/S, KP Components AB, KP Componets Inc., KP Components Group A/S, KP Group Holding ApS, Techo A/S.

Jesper Kirkeby Hansen (Appointed by MIE4 Holding 3 ApS per 30.06.2015):
Executive board: Tefcold A/S and Churchtown ApS.

Board of directors: PcP Corporation A/S, PcP. Danmark A/S, Interlevin Holdings Limited, Interlevin Refrigeration Limited, Nosreti Velkoobchod s.r.o., Nosreti SK s.r.o.