Denex ApS

Tuenvej 120,
DK-9900 Frederikshavn

CVR no. 31 34 69 59

Annual report 2020/21

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

on 9-9-21 2021

Rau de Rasm

chairman of the annual general meeting

Denex ApS
Annual report 2020/21
CVR no. 31 34 69 59

Contents

Statement by the Executive Board 2

Independent auditor's report 3

Management's review 6
Company details 6
Financial highlights 7
Operating review 8

Financial statements 1 April – 31 March 10
Income statement 10
Balance sheet 11
Statement of changes in equity 13
Notes 14

Statement by the Executive Board

The Executive Board has today discussed and approved the annual report of Denex ApS for the financial year 1 April 2020 – 31 March 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 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 2021.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Frederikshavn 9 September 2021
Executive Board:

Executed by MANZANO LOPEZ BLANCA - ***3319** on 14/09/2021 with a certificate issued by AC FNMT Usuarios

Blanca Manzano Lopez
CEO

Randi Annette Rasmussen
CEO

Independent auditor's report

To the shareholders of Denex ApS

Opinion

We have audited the financial statements of Denex ApS for the financial year 1 April 2020 – 31 March 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 March 2021 and of the results of the Company's operations for the financial year 1 April 2020 – 31 March 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' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter in the financial statements

We draw attention to notes 2 and 3 to the financial statements, which describes uncertainty regarding going concern and measurement of land and buildings. Uncertainty in relation to going concern status does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern. Our opinion is not modified in respect of this matter.

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.

Independent auditor's report

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 financial statement 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.

- 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.

Independent auditor's report

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.

Aalborg, 9 September 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98



Steffen S. Hansen
State Authorised
Public Accountant
mne32737

Management's review

Company details

Denex ApS
Tuenvej 120
DK-9900 Frederikshavn

Telephone:	+45 96 21 34 00
CVR no.	31 34 69 59
Established:	27 March 2008
Registered office:	Frederikshavn
Financial year:	1 April – 31 March

Executive Board

Blanca Manzano Lopez
Randi Annette Rasmussen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Østre Havnegade 22D
DK-9000 Aalborg
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2020/21	2019/20	2018/19	2017/18	2016/17
Gross profit	10,270	22,477	22,521	8,099	28,757
Operating profit/loss	-7,538	-21,732	-20,461	-30,397	-20,836
Profit/loss from financial income and expenses	-3,170	-4,509	-3,693	-3,063	-3,361
Profit/loss for the year	-10,808	-27,575	-23,981	-33,299	-23,197
Total assets	13,623	70,957	122,062	92,187	100,057
Investments in property, plant and equipment	0	229	623	540	1,411
Equity	-81,620	-70,812	-43,237	-19,256	14,043
Solvency ratio	-599%	-99.8%	-36.7%	-21.9%	14.0%

The financial ratios have been calculated as follows:

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The Company's objective is to sell property and remaining machinery.

Development in activities and financial position

The Company reported a loss before tax of DKK 10.7 million as against a loss of DKK 26.2 million last year.

The loss was due to low activity and negative impact from the revaluation of assets and liabilities.

Operating loss before special items was in line with expectations.

Uncertainty regarding going concern

As per 31 March 2021, equity was negative at DKK 81.6 million. Intercompany loan exceeds negative equity.

The Company is funded though intercompany loans from the Parent Company. Budgeted cash requirements for 2021/22 will be covered by intercompany funding. If further cash resources than budgeted are needed, Management expects that further intercompany funding will be made available. The Parent Company has, however, not provided a formal comfort letter. Accordingly, there is uncertainty related to the Company's ability to continue as a going concern.

Based on the approved budget and realised results for 2020/21, the financial statements have been prepared on a going concern basis, and Management is of the view that uncertainty in relation to going concern status does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

Management's review

Uncertainty regarding measurement of land and buildings

Due to the closing-down the Company's principal activities, land and buildings will be sold and must therefore be recognised at net realisable value. During the financial year, land and buildings were put up for sale at a price of DKK 10.9 million, which is lower than book value. Based on this, write-down amounting to DKK 4.4 million is recognised in the income statement. The sales price does not reflect possible parcelling of land as the Company still awaits a response from the Danish Ministry of Industry, Business and Financial affairs and the Danish Environmental Protection Agency in regard to this. Due to the uncertainty of the outcome, Management has written down book value to offered sales price. If parcelling of land is permitted, the sales value may need to be adjusted.

Outlook

Results for 2021/22 will include costs during the closing-down period and gains from the sale of assets.

Subsequent events

No events have occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.

Financial statements 1 April – 31 March

Income statement

DKK	Note	2020/21	2019/20
Gross profit		10,269,779	22,477,356
Staff costs	4	-9,404,268	-32,985,675
Depreciation and amortisation of and impairment losses on intangible assets and property, plant and equipment		-8,403,040	-11,223,895
Operating profit/loss		-7,537,529	-21,732,214
Other financial income		0	86,163
Other financial expenses	5	-3,170,175	-4,595,313
Profit/loss before tax		-10,707,704	-26,241,364
Tax on profit/loss for the year	6	-100,061	-1,333,142
Profit/loss for the year	7	-10,807,765	-27,574,506

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	2020/21	2019/20
ASSETS			
Fixed assets			
Intangible assets	8		
Development projects		0	1,448,201
		0	1,448,201
Property, plant and equipment	9		
Land and buildings		10,900,000	16,558,199
Plant and machinery		1,505,079	19,042,721
		12,405,079	35,600,920
Total fixed assets		12,405,079	37,049,121
Current assets			
Inventories			
Raw materials and consumables		0	2,710,024
Work in progress		0	466,118
Finished goods and goods for resale		0	339,423
		0	3,515,565
Receivables			
Trade receivables		851,106	1,119,115
Receivables from group entities		0	29,037,999
		851,106	30,157,114
Cash at bank and in hand		366,796	235,625
Total current assets		1,217,902	30,908,305
TOTAL ASSETS		13,622,981	70,957,426

Financial statements 1 April – 31 March

Balance sheet

DKK	Note	2020/21	2019/20
EQUITY AND LIABILITIES			
Equity			
Share capital	10	22,878,950	22,878,950
Retained earnings		-104,498,689	-93,690,924
Total equity		-81,619,739	-70,811,974
Provisions			
Provisions for restructuring		0	3,534,472
		0	3,534,472
Liabilities			
Non-current liabilities other than provisions	11		
Subordinate loan capital		4,040,363	4,040,363
		4,040,363	4,040,363
Current liabilities other than provisions			
Trade payables		7,096,131	8,527,086
Payables to group entities		79,292,517	116,602,710
Subordinate loan capital	11	2,000,000	2,000,000
Tax payable		0	456,065
Other payables		2,813,711	6,608,704
		91,202,359	134,194,565
Total liabilities other than provisions		95,242,721	138,234,928
TOTAL EQUITY AND LIABILITIES		13,622,981	70,957,426

Uncertainty regarding going concern	2
Uncertainty regarding measurement of land and buildings	3
Deferred tax	12
Contractual obligations, contingencies, etc.	13
Related party disclosures	14
Events after the balance sheet date	15

Financial statements 1 April – 31 March

Statement of changes in equity

DKK	Share capital	Retained earnings	Total equity
Equity at 1 April 2020	22,878,950	-93,690,924	-70,811,974
Transferred over the distribution of loss	0	-10,807,765	-10,807,765
Equity at 31 March 2021	22,878,950	-104,498,689	-81,619,739

Financial statements 1 April – 31 March

Notes

1 Accounting policies

The annual report of Denex ApS for 2020/21 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Omission of cash flow statement

As set out in section 86 (4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are incorporated into the cash flow statement contained in the consolidated financial statements of MaxamCorp Holding S.L.

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.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Income statement

Gross profit

With reference to section 32 of Danish Financial Statements Act, revenue has not been disclosed in the Annual Report.

Revenue

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

Revenue from the sale of goods where delivery has been postponed upon the buyer's request is recognised as revenue when ownership of the goods has been transferred to the buyer.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

Other external costs

Other external costs comprise indirect production overheads and expenses for premises, sales and distribution as well as office expenses, etc.

Financial income and expenses

Financial income and expenses comprise interest income and expense, financial costs regarding, gains and losses on securities, 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/loss for the year

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Expenditure relating to development projects comprises payroll costs and cost of goods sold directly attributable to the Company´s development activities.

Capitalised development costs are amortised on a straight-line basis from the time of completion and for the period in which the development works is expected to generate economic benefits to the Company. The amortisation period will not, however, exceed five years.

Property, plant and equipment

Land and buildings, plant and machinery and 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.

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:

Production buildings	30 years
Administration buildings	30 years
Plant and machinery	5-10 years
Fixtures and fittings, tools and equipment	5-10 years

The useful life and residual value are reassessed annually. Changes are accounted for 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.

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment 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.

Assets held for sale

Assets held for sale are presented as non-current assets and continued depreciation in accordance with estimated 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, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

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.

Equity

Dividends

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

Financial statements 1 April – 31 March

Notes

1 Accounting policies (continued)

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 is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to office buildings non-deductible for tax purposes and other items where temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

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 the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. 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, which usually corresponds to nominal value.

Financial statements 1 April – 31 March

Notes

2 Uncertainty regarding going concern

The Company is funded though intercompany loan from the Parent Company, and cash requirements in 2021/22 according to budget is also based on intercompany funding. If further cash resources than budgeted are needed, Management expects further intercompany funding to be available and based thereon, Management considers capital resources sufficient. The Parent Company has, however, not provided a formal comfort letter. Accordingly, there is uncertainty related to the Company's ability to continue as going concern. Management is of the view that uncertainty in relation to going concern status does not represent a material uncertainty that may cast significant doubt on the ability of the Company to continue as a going concern.

As per 31 March 2021, equity was negative at DKK 81.6 million for which reason Denex ApS is subject to the loss of capital rules. The intercompany loan exceeds negative equity.

3 Uncertainty regarding measurement of land and buildings

Due to the closing-down the Company's principal activities, land and buildings will be sold and therefore recognised at net realisable value. During the financial year, land and buildings were put for sale at a price of DKK 10.9 million, which is lower than book value. Based on this, write-down amounting to DKK 4.4 million is recognised in the income statement. The sales price does not reflect possible parcelling of land as the Company still awaits a response from the Danish Ministry of Industry, Business and Financial affairs and the Danish Environmental Protection Agency in regard to this. Due to uncertainty of the outcome, Management has written down book value to offered sales price. If parcelling of land is permitted, the sales value may need to be adjusted.

Financial statements 1 April – 31 March

Notes

	DKK	2020/21	2019/20
4	**Staff costs**		
	Wages and salaries	8,137,546	28,918,619
	Pensions	804,538	2,643,096
	Other social security costs	462,184	1,423,960
		9,404,268	32,985,675
	Average number of full-time employees	16	67

Referring to section 98b(3) of the Danish Financial Statements Act, remuneration of the Executive Board and Management has not been disclosed.

5	**Financial expenses**		
	Interest expense to group entities	3,150,185	3,790,187
	Foreign exchange losses	0	749,797
	Other interest expense	19,990	55,329
		3,170,175	4,595,313
6	**Tax on profit/loss for the year**		
	Current tax for the year	0	456,065
	Adjustment relating to prior year current tax	100,061	877,077
		100,061	1,333,142
7	**Distribution of loss**		
	Retained earnings	-10,807,765	-27,574,506
		-10,807,765	-27,574,506

Financial statements 1 April – 31 March

Notes

8 Intangible assets

DKK	Develop-ment projects
Cost at 1 April 2020	2,978,021
Additions	0
Disposals	-2,978,021
Cost at 31 March 2021	0
Amortisation and impairment losses at 1 April 2020	1,529,131
Amortisation	198,535
Reversed amortisation	-1,728,355
Amortisation and impairment losses at 31 March 2021	0
Carrying amount at 31 March 2021	0

9 Property, plant and equipment

DKK	Land and buildings	Plant and machinery	Total
Cost at 1 April 2020	20,016,892	74,621,458	94,638,350
Disposals	-1,752,687	-61,720,765	-63,473,452
Cost at 31 March 2021	18,264,205	12,900,693	31,164,898
Depreciation and impairment losses at 1 April 2020	3,458,693	55,578,737	59,037,430
Impairment losses	4,400,837	0	4,400,837
Depreciation	345,141	3,458,527	3,803,668
Reversed depreciation and impairment losses	-840,466	-47,641,650	-48,482,116
Depreciation and impairment losses at 31 March 2021	7,364,205	11,395,614	18,759,819
Carrying amount at 31 March 2020	10,900,000	1,505,079	12,405,079

In April, Management put up for sale the building located at Tuenvej 120 at a sales price of DKK 10,900 thousand valued by an external real estate agent. Based on this lower net realisable value, Management has written down the building by DKK 4,401 thousand to match the valuation.

Financial statements 1 April – 31 March

Notes

10 Share capital

The share capital consists of:

3,070,000 shares of nom. DKK 22,878,950.

11 Non-current liabilities

Non-current liabilities are specified as follows:

DKK	2020/21	2019/20
Subordinate loan capital:		
0-1 years	2,000,000	2,000,000
1-5 years	4,040,363	4,040,363
>5 years	0	0
Total non-current liabilities other than provisions	6,040,363	6,040,363

Collateral is disclosed in note 13.

The Parent Company has confirmed that they will provide financing support to Denex ApS to meet its financial obligations for the restructuring during 2020/21.

12 Deferred tax

Deferred tax amounting to DKK 27.562 million has been written down.

13 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company has provided a guarantee for the Parent Company, MaxamCorp Holding, S.L.'s bank loans.

Financial statements 1 April – 31 March

Notes

14 Related party disclosures

Denex ApS' related parties comprise the following:

Control

Denex ApS, Tuenvej 120, 9900 Frederikshavn.

Expal System S.A. holds the majority of the share capital in the Company.

Denex ApS is part of the consolidated financial statements of Expal Systems S.A., registered office, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Expal Systems S.A. can be obtained by contacting the Company.

MaxamCorp Holding S.L. controls the majority of the share capital in Denex ApS through Expal Systems S.A.

Related party transactions

DKK	2019/20
Sale of goods to related parties	5,292,721
Total	5,292,721

Receivables from group entities are disclosed in the balance sheet, and interest expense is disclosed in note 5.

15 Events after the balance sheet date

No events has occurred after the balance sheet date to this date that would influence the assessment and evaluation of this annual report in any substantial way.