martinsen
Rådgivning & Revision

Lesni A/S

Kornmarken 7, 7190 Billund

Annual report

1 July 2019 - 30 June 2020

Company reg. no. 10 60 58 30

The annual report was submitted and approved by the general meeting on the 17 November 2020.

Frank Buhl Madsen
Chairman of the meeting

Contents

Notes to users of the English version of this document:
- This document is a translation of a Danish version of the document. In the event of any dispute regarding the interpretation of any part of the document, the Danish version of the document shall prevail.
- To ensure the greatest possible applicability of this document, British English terminology has been used.
- Please note that decimal points remain unchanged from the Danish version of the document. This means that for instance DKK 146.940 is the same as the English amount of DKK 146,940, and that 23,5 % is the same as the English 23.5 %.

Management's report

The board of directors and the managing director have today presented the annual report of Lesni A/S for the financial year 1 July 2019 to 30 June 2020.

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

We consider the accounting policies used appropriate, and in our opinion the annual accounts provide a true and fair view of the company's assets and liabilities and its financial position at 30 June 2020 and of the company's results of its activities in the financial year 1 July 2019 to 30 June 2020.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Billund, 17 November 2020

Managing Director

Jan Ethelberg Hjort

Board of directors

Souheil Maamari	Tina Jensen	Jan Ethelberg Hjort

Frank Buhl Madsen

Independent auditor's report

To the shareholders of Lesni A/S

Opinion

We have audited the annual accounts of Lesni A/S for the financial year 1 July 2019 to 30 June 2020, which comprise accounting policies, profit and loss account, balance sheet and notes. The annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the annual accounts give a true and fair view of the company's assets, liabilities and financial position at 30 June 2020 and of the results of the company's operations for the financial year 1 July 2019 to 30 June 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 below section “Auditor’s responsibilities for the audit of the annual accounts”. We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the annual accounts

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

In preparing the annual accounts, the management is responsible for evaluating the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the annual accounts, unless the management either intends to liquidate the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the annual accounts.

Independent auditor's report

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

- Identify and assess the risks of material misstatement in the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement 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 company's internal control.

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

- Conclude on the appropriateness of the management's preparation of the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about 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 annual accounts 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 annual accounts, including the disclosures in the notes, and whether the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the annual accounts does not cover the management's review, and we do not express any kind of assurance opinion on the management's review.

Independent auditor's report

In connection with our audit of the annual accounts, our responsibility is to read the management's review and in that connection consider whether the management's review is materially inconsistent with the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, 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 believe that the management's review is in accordance with the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not find any material misstatement in the management's review.

Vejle, 17 November 2020

Martinsen
State Authorised Public Accountants
Company reg. no. 32 28 52 01

Brian Christensen
State Authorised Public Accountant
mne24854

Jesper Hørby Jensen
State Authorised Public Accountant
mne34103

Company information

The company	Lesni A/S Kornmarken 7 7190 Billund	
	Company reg. no.	10 60 58 30
	Established:	26 February 1987
	Financial year:	1 July - 30 June
Board of directors	Souheil Maamari Tina Jensen Jan Ethelberg Hjort Frank Buhl Madsen	
Managing Director	Jan Ethelberg Hjort	
Auditors	Martinsen Statsautoriseret Revisionspartnerselskab Gunhilds Plads 2 7100 Vejle	

Management commentary

The principal activities of the company

The principal activities are the development, the construction and the sales of air purification systems for industrial enterprises and municipalities in Denmark and abroad.

Development in activities and financial matters

The gross profit for the year is DKK 20.193.000 against DKK 22.579.000 last year. The results from ordinary activities after tax are DKK 2.500.000 against DKK 4.444.000 last year.

The management consider the results satisfactory.

Special risks

Exchange rate risks:
The company's activities are affected by exchange rate fluctuations, as revenue is primarily generated in foreign currency, while costs, including salaries, are held in Danish kroner.

Accounting policies

The annual report for Lesni A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises.

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 company 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 company 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.

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

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

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 include costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Other operating income comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including gains on disposal of intangible and tangible fixed assets.

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

Accounting policies

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.

Other operating costs

Other operating costs comprise accounting items of secondary nature in proportion to the principal activities of the enterprise, including losses on disposal of intangible and tangible fixed assets.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concern the financial year.

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 company is subject to the Danish legislation concerning compulsory joint taxation with the Danish group enterprises.

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).

Accounting policies

The balance sheet

Tangible fixed assets

Land and buildings are measured at cost with addition of revaluations and with deduction of accrued depreciation and writedown. Land is not depreciated.

Land and buildings are revaluated on the basis of regular, independent evaluation of the fair value. The net revaluation at fair value adjustment is recognised directly on the equity after deduction of deferred tax and tied up in a particular revaluation reserve. Net impairment at fair value adjustments is recognised in the profit and loss account.

The basis of depreciation is cost with the addition of revaluations at fair value and with the deduction of expected residual value after the end of the useful life of the asset.

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in the company's equity.

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

The cost comprises the acquisition cost and costs directly attached to 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.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Buildings	10-33 years
Other plants, operating assets, fixtures and furniture	3-5 years

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Accounting policies

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated 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 takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exists. Writedown relating to goodwill is not reversed.

Inventories

Inventories are measured at cost on the basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design. Furthermore, it is a requirement that before work is commenced, a binding contract is to be been entered into, implying penalty or damages in case of subsequent cancellation.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

When it is probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

Accounting policies

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

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

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property. The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

According to the rules of joint taxation, Lesni A/S is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Accounting policies

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry-over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Other provisions

Provisions comprise expected costs for guarantee liabilities, loss on work in progress, restructuring, etc. Provisions are recognised when the company has a legal or actual liability which is due to a previous event and when it is likely that the settlement of the liability will result in expenditure of the financial resources of the company.

If the settlement of the liability is expected to take place in some remote future, provisions are measured at the net realisable value or at fair value.

Guarantee liabilities comprise liabilities for repairs within the guarantee period of 1-5 years. The provisions are measured at the net realisable value and recognised on the basis of the obtained experience with guarantee work. If provisions have an expected due date later than 1 year from the balance sheet date, they are discounted at the average bond interest.

Liabilities

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 July - 30 June

All amounts in DKK.

Note		2019/20	2018/19
	Gross profit	**20.193.323**	**22.578.651**
1	Staff costs	-16.178.050	-16.085.772
	Depreciation and writedown relating to tangible fixed assets	-469.409	-615.271
	Other operating costs	-64.073	0
	Operating profit	**3.481.791**	**5.877.608**
	Other financial income	94.187	121.584
	Other financial costs	-360.202	-278.829
	Pre-tax net profit or loss	**3.215.776**	**5.720.363**
	Tax on ordinary results	-715.543	-1.276.711
	Net profit or loss for the year	**2.500.233**	**4.443.652**
	Proposed appropriation of net profit:		
	Dividend for the financial year	3.250.000	4.250.000
	Transferred to retained earnings	0	193.652
	Allocated from retained earnings	-749.767	0
	Total allocations and transfers	**2.500.233**	**4.443.652**

Statement of financial position at 30 June

All amounts in DKK.

Note	Assets	2020	2019
	Non-current assets		
2	Land and property	5.890.135	6.081.074
3	Other plants, operating assets, and fixtures and furniture	306.111	456.935
	Total property, plant, and equipment	6.196.246	6.538.009
	Total non-current assets	**6.196.246**	**6.538.009**
	Current assets		
	Raw materials and consumables	2.849.610	2.309.456
	Total inventories	2.849.610	2.309.456
	Trade debtors	13.476.443	7.393.132
4	Work in progress for the account of others	5.694.508	7.923.914
	Amounts owed by group enterprises	884.365	302.864
	Other debtors	1.683.569	1.703.949
	Accrued income and deferred expenses	368.013	181.548
	Total receivables	22.106.898	17.505.407
	Available funds	27.406.559	20.047.988
	Total current assets	**52.363.067**	**39.862.851**
	Total assets	**58.559.313**	**46.400.860**

Statement of financial position at 30 June

All amounts in DKK.

Equity and liabilities

Note		2020	2019
	Equity		
5	Contributed capital	1.200.000	1.200.000
6	Revaluation reserve	1.299.998	1.359.089
7	Results brought forward	38.544	729.218
8	Proposed dividend for the financial year	3.250.000	4.250.000
	Total equity	**5.788.542**	**7.538.307**
	Provisions		
	Provisions for deferred tax	3.715.000	3.001.000
	Other provisions	3.432.000	3.179.000
	Total provisions	**7.147.000**	**6.180.000**
	Liabilities other than provisions		
	Other debts	945.412	0
	Total long term liabilities other than provisions	945.412	0
4	Work in progress for the account of others	33.032.089	19.460.748
	Trade creditors	6.903.122	7.542.303
	Corporate tax	617.848	1.343.697
	Other debts	4.125.300	4.335.805
	Total short term liabilities other than provisions	44.678.359	32.682.553
	Total liabilities other than provisions	**45.623.771**	**32.682.553**
	Total equity and liabilities	**58.559.313**	**46.400.860**

9 Charges and security

10 Contingencies

Notes

All amounts in DKK.

		2019/20	2018/19
1.	**Staff costs**		
	Salaries and wages	13.892.731	13.924.013
	Pension costs	1.997.522	1.861.603
	Other costs for social security	287.797	300.156
		16.178.050	**16.085.772**
	Average number of employees	21	21

		30/6 2020	30/6 2019
2.	**Land and property**		
	Cost opening balance	10.178.365	10.178.365
	Additions during the year	97.500	0
	Cost end of period	**10.275.865**	**10.178.365**
	Revaluation opening balance	2.500.000	2.500.000
	Revaluation end of period	**2.500.000**	**2.500.000**
	Depreciation and writedown opening balance	-6.597.291	-6.248.247
	Depreciation and writedown for the year	-288.439	-349.044
	Depreciation and writedown end of period	**-6.885.730**	**-6.597.291**
	Book value end of period	**5.890.135**	**6.081.074**

Notes

All amounts in DKK.

		30/6 2020	30/6 2019
3.	**Other plants, operating assets, and fixtures and furniture**		
	Cost opening balance	4.201.195	3.834.638
	Additions during the year	228.454	393.071
	Disposals during the year	-364.356	-26.515
	Cost end of period	**4.065.293**	**4.201.194**
	Depreciation and writedown opening balance	-3.744.259	-3.606.748
	Depreciation and writedown for the year	-145.206	-164.026
	Depreciation and writedown, assets disposed of	130.283	26.515
	Depreciation and writedown end of period	**-3.759.182**	**-3.744.259**
	Book value end of period	**306.111**	**456.935**
4.	**Work in progress for the account of others**		
	Sales value of the production of the period	117.829.111	79.626.159
	Payments on account received	-145.166.692	-91.162.993
	Work in progress for the account of others, net	**-27.337.581**	**-11.536.834**
	The following is recognised:		
	Work in progress for the account of others (Current assets)	5.694.508	7.923.914
	Work in progress for the account of others (Short-term liabilities)	-33.032.089	-19.460.748
		-27.337.581	**-11.536.834**
5.	**Contributed capital**		
	Contributed capital opening balance	1.200.000	1.200.000
		1.200.000	**1.200.000**
6.	**Revaluation reserve**		
	Revaluation reserve opening balance	1.359.089	1.418.180
	Depreciation relating to revalued assets	-59.091	-59.091
		1.299.998	**1.359.089**

Notes

All amounts in DKK.

		30/6 2020	30/6 2019
7.	**Results brought forward**		
	Results brought forward opening balance	729.220	400.803
	Profit or loss for the year brought forward	-749.767	193.652
	Adjustment of negative value of financial contracts	0	97.016
	Adjustments of the year deferred tax on the value of financial contracts	0	-21.344
	Depreciation relating to revalued assets	59.091	59.091
		38.544	**729.218**

Notes

All amounts in DKK.

		30/6 2020	30/6 2019
8.	**Proposed dividend for the financial year**		
	Dividend opening balance	4.250.000	3.500.000
	Distributed dividend	-4.250.000	-3.500.000
	Dividend for the financial year	3.250.000	4.250.000
		3.250.000	**4.250.000**

9. Charges and security

For bank debts the company has provided security in company assets representing a nominal value of DKK 10,000,000. This security comprises the below assets, stating the book values:

	DKK in thousands
Inventories	2.849.610
Receivable from sales and services	13.476.443
Other plants, operating assets, and fixtures and furniture	306.111

10. Contingencies

Contingent liabilities

Leasing liabilities

In addition to financial leasing contracts, the company has entered into operational leasing contracts with an average annual leasing payment of DKK 127.260. The leasing contracts have 12 months left to run, and the total outstanding leasing payment is DKK 97,000.

Joint taxation

TSFJ Holding ApS, company reg. no 35 63 45 76 being the administration company, the company is 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.