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# *isoplus Fjernvarmeteknik A/S*

Korsholm Allé 20, DK-5500 Middelfart

## Annual Report for 1 January - 31 December 2021

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CVR No 16 32 14 35

The Annual Report was  
presented and adopted at  
the Annual General  
Meeting of the Company on  
25 april 2022

Claus Jarlgaard Jensen  
Chairman of the General  
Meeting

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# Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of isoplus Fjernvarmeteknik A/S for the financial year 1 January - 31 December 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Middelfart, 25th april 2022

## Executive Board

Bo Olsen  
CEO

Claus Jarlgaard Jensen  
Executive Officer

## Board of Directors

Roland Hirner  
Chairman

Thorsten Henss

Gregor Wegerer

Bo Olsen

Claus Jarlgaard Jensen

# Independent Auditor's Report

To the shareholders of isoplus Fjernvarmeteknik A/S

## Opinion

We have audited the consolidated financial statements and the parent company financial statements of isoplus Fjernvarmeteknik A/S for the financial year 1 January – 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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

## Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and parent company financial statements" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

## Management's responsibilities for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

## Auditor's responsibility for the audit of the consolidated financial statements and parent company financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material 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

# Independent Auditor's Report

Independent auditor's report, continued

Basis of these consolidated financial statements and parent company financial statements. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis of 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 and understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the consolidated financial statements and parent company financial statements and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the consolidated financial statements and parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and conducting the audit of the group. We alone are responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

## Statement on management's review

Management is responsible for management's review.

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

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

# Independent Auditor's Report

Independent auditor's report, continued

## Statement on management's review

Management is responsible for management's review.

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

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

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

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

Copenhagen, 25th April 2021  
Mazars  
statsautoriseret revisionspartnerselskab  
CVR-no. 31 06 17 41

Nicklas Rasmussen  
statsautoriseret revisor  
(State-authorised public accountant)  
MNE-no. mne43474

## Company Information

### **The Company**

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Korsholm Allé 20  
DK-5500 Middelfart

Telephone: + 45 64 41 61 09

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E-mail: iso@isoplus.dk

Website: www.isoplus.dk

CVR No: 16 32 14 35

Financial period: 1 January - 31 December

Municipality of reg. office: Middelfart

### **Board of Directors**

Roland Hirner, Chairman

Thorsten Henss

Gregor Wegerer

Bo Olsen

Claus Jarlgaard Jensen

### **Executive Board**

Bo Olsen

Claus Jarlgaard Jensen

### **Auditors**

MAZARS

Midtermolen 1, 2t.v.

DK-2100 København Ø

### **Lawyers**

ORATO advokater P/S

Borchsgade 6c

4000 Roskilde

### **Bankers**

Sydbank A/S

Kolding Åpark 8B

6000 Kolding

## Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>				
	2021 TDKK	2020 TDKK	2019 TDKK	2018 TDKK	2017 TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Gross profit/loss	57.641	47.142	58.927	51.315	58.245
Profit/loss before financial income and expenses	11.469	1.931	9.354	2.509	6.843
Net financials	283	-2.562	-1.262	-2.287	-3.089
Net profit/loss for the year	8.991	-1.051	5.954	-40	2.800
<b>Balance sheet</b>					
Balance sheet total	161.896	124.879	128.953	154.997	129.241
Equity	51.803	42.850	43.767	37.828	37.894
<b>Cash flows</b>					
Cash flows from:					
- operating activities	-7.998	2.682	25.943	3.919	99
- investing activities	-4.403	-1.480	-6.175	-3.981	-2.483
including investment in property, plant and equipment	-4.529	-1.697	-6.516	-3.991	-2.652
- financing activities	12.990	-809	-18.083	4.134	680
Change in cash and cash equivalents for the year	589	393	1.685	4.072	-1.704
Number of employees	77	80	87	88	96
<b>Ratios</b>					
Return on assets	7,1%	1,6%	7,3%	1,6%	5,3%
Solvency ratio	32,0%	34,5%	33,9%	24,4%	29,3%
Return on equity	19,0%	-2,4%	14,6%	-0,1%	7,7%

For definitions, see under accounting policies.



# Management's Review

## Key activities

Isoplus Fjernvarmeteknik A/S is selling pre-insulated pipes and related products and services.

Our markets are the district heating sector in the Nordic countries and United Kingdom.

Further from our branch in Hvidovre, Copenhagen, isoplus jointers service our customers with joints fitting and extruding.

## Development in the year

The income statement of the Group for 2020 shows a profit of TDKK 8.991, and at 31 December 2020 the balance sheet of the Group shows equity of TDKK 51.803.

## The past year and follow-up on development expectations from last year

Increased activities were expected for all markets during 2021. Despite ongoing Covid-19 related restrictions, activities have increased as expected. Together with a continuous focus on a tight cost control the total earnings for the year is on expected level.

As district heating is a crucial part of future climate neutral heating and energy, we expect a continues increased activity on all markets in 2022 also.

## Special risks - operating risks and financial risks

### *Operating risks*

Product liability risks are covered by our own insurance and those of our external suppliers.

IT related surveillance systems have been maintained at a high level during 2021 – all in close co-operation with IT support companies and official criminal prevention authorities.

The financial situation of the company is stable and future plans are support by the isoplus Group and our financial partners. Liquidity for further expansion is secured.

## Targets and expectations for the year ahead

Continued focus on profitability and positive outlook for the markets served and combined with the international community's goals of reducing CO2 emissions and increasing focus on green conversion will have a positive impact on isoplus and the results expected.

## External environment

Furthermore – being part of the district heating and cooling business – isoplus Fjernvarmeteknik A/S contributes to reducing the CO2 emission and act as an active partner in supporting environmental efforts and green technology as such.

# **Management's Review**

## **Subsequent events**

There were no events after the end of the reporting period which are subject to reporting requirements.

## Income Statement 1 January - 31 December

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
<b>Gross profit/loss</b>		<b>57.641</b>	<b>47.142</b>	<b>55.683</b>	<b>46.693</b>
Staff expenses	1	-41.667	-40.759	-38.944	-37.927
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-4.506</u>	<u>-4.452</u>	<u>-4.456</u>	<u>-4.426</u>
<b>Profit/loss before financial income and expenses</b>		<b>11.469</b>	<b>1.931</b>	<b>12.283</b>	<b>4.341</b>
Income from investments in subsidiaries		0	0	-856	-2.439
Financial income	2	1.831	342	1.831	342
Financial expenses	3	<u>-1.548</u>	<u>-2.905</u>	<u>-1.507</u>	<u>-2.875</u>
<b>Profit/loss before tax</b>		<b>11.751</b>	<b>-631</b>	<b>11.751</b>	<b>-631</b>
Tax on profit/loss for the year	4	<u>-2.760</u>	<u>-420</u>	<u>-2.760</u>	<u>-420</u>
<b>Net profit/loss for the year</b>		<b><u>8.991</u></b>	<b><u>-1.051</u></b>	<b><u>8.991</u></b>	<b><u>-1.051</u></b>

## Balance Sheet 31 December

### Assets

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Land and buildings		29.168	29.973	29.168	29.973
Other fixtures and fittings, tools and equipment		8.089	7.141	7.878	6.978
<b>Property, plant and equipment</b>	5	<b>37.257</b>	<b>37.113</b>	<b>37.045</b>	<b>36.951</b>
Investments in subsidiaries	6	0	0	1.065	1.585
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>	<b>1.065</b>	<b>1.585</b>
<b>Fixed assets</b>		<b>37.257</b>	<b>37.113</b>	<b>38.111</b>	<b>38.536</b>
<b>Inventories</b>		<b>50.000</b>	<b>44.231</b>	<b>47.446</b>	<b>42.069</b>
Trade receivables		47.838	25.353	27.361	15.942
Contract work in progress	7	9.210	3.772	0	0
Receivables from group enterprises		2.516	1.452	29.720	17.719
Other receivables		4.221	3.205	1.237	881
Corporation tax		377	0	211	0
Prepayments	8	2.148	2.014	1.738	1.948
<b>Receivables</b>		<b>66.311</b>	<b>35.796</b>	<b>60.267</b>	<b>36.491</b>
<b>Cash at bank and in hand</b>		<b>8.328</b>	<b>7.739</b>	<b>8.181</b>	<b>4.139</b>
<b>Currents assets</b>		<b>124.639</b>	<b>87.766</b>	<b>115.894</b>	<b>82.699</b>
<b>Assets</b>		<b>161.896</b>	<b>124.879</b>	<b>154.004</b>	<b>121.235</b>

# Balance Sheet 31 December

## Liabilities and equity

	Note	Group		Parent	
		2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
Share capital		1.549	1.549	1.549	1.549
Reserve for net revaluation under the equity method		0	0	0	0
Retained earnings		50.254	41.301	50.254	41.301
<b>Equity</b>		<b>51.803</b>	<b>42.850</b>	<b>51.803</b>	<b>42.850</b>
Provision for deferred tax	10	1.912	1.719	1.902	1.709
<b>Provisions</b>		<b>1.912</b>	<b>1.719</b>	<b>1.902</b>	<b>1.709</b>
Mortgage loans		6.694	7.345	6.694	7.345
Lease obligations		624	985	624	985
Other payables		1.110	0	1.110	0
<b>Long-term debt</b>	11	<b>8.429</b>	<b>8.330</b>	<b>8.428</b>	<b>8.330</b>
Mortgage loans	11	629	608	629	608
Credit institutions	11	52.868	37.487	52.868	37.487
Lease obligations	11	245	1.645	245	1.645
Contract work in progress	7	3.811	643	0	0
Trade payables		15.674	14.580	14.843	12.479
Payables to group enterprises		8.726	6.271	8.726	6.494
Corporation tax		0	546	0	701
Other payables	11	17.800	10.200	14.560	8.932
<b>Short-term debt</b>		<b>99.752</b>	<b>71.980</b>	<b>91.871</b>	<b>68.346</b>
<b>Debt</b>		<b>108.181</b>	<b>80.310</b>	<b>100.299</b>	<b>76.676</b>
<b>Liabilities and equity</b>		<b>161.896</b>	<b>124.879</b>	<b>154.004</b>	<b>121.235</b>
Distribution of profit	9				
Contingent assets, liabilities and other financial obligations	15				
Related parties	14				
Accounting Policies	16				

## Statement of Changes in Equity

### Group

	<u>Share capital</u> TDKK	<u>Retained</u> <u>earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	1.549	41.301	42.850
Exchange adjustments	0	-38	-38
Net profit/loss for the year	<u>0</u>	<u>8.991</u>	<u>8.991</u>
<b>Equity at 31 December</b>	<b><u>1.549</u></b>	<b><u>50.254</u></b>	<b><u>51.803</u></b>

### Parent

Equity at 1 January	1.549	41.301	42.850
Exchange adjustments	0	-38	-38
Net profit/loss for the year	<u>0</u>	<u>8.991</u>	<u>8.991</u>
<b>Equity at 31 December</b>	<b><u>1.549</u></b>	<b><u>50.254</u></b>	<b><u>51.803</u></b>

The share capital consists of shares of DKK 100 or multiples thereof. The shares are not divided into classes.

## Cash Flow Statement 1 January - 31 December

	Note	Group	
		2021 TDKK	2020 TDKK
Net profit/loss for the year		8.991	-1.051
Adjustments	13	6.983	7.438
Change in working capital	14	<u>-21.590</u>	<u>1.765</u>
<b>Cash flows from operating activities before financial income and expenses</b>		<b>-5.616</b>	<b>8.152</b>
Financial income		1.831	342
Financial expenses		<u>-1.548</u>	<u>-2.905</u>
<b>Cash flows from ordinary activities</b>		<b>-5.333</b>	<b>5.589</b>
Corporation tax paid		<u>-2.665</u>	<u>-2.907</u>
<b>Cash flows from operating activities</b>		<b><u>-7.998</u></b>	<b><u>2.682</u></b>
Purchase of property, plant and equipment		-4.529	-1.697
Sale of property, plant and equipment		<u>126</u>	<u>217</u>
<b>Cash flows from investing activities</b>		<b><u>-4.403</u></b>	<b><u>-1.480</u></b>
Repayment of mortgage loans		-630	-618
Reduction of lease obligations		-1.761	-1.855
Raising of loans from credit institutions		<u>15.381</u>	<u>1.664</u>
<b>Cash flows from financing activities</b>		<b><u>12.990</u></b>	<b><u>-809</u></b>
<b>Change in cash and cash equivalents</b>		<b>589</b>	<b>393</b>
Cash and cash equivalents at 1 January		<u>7.739</u>	<u>7.346</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>8.328</u></b>	<b><u>7.739</u></b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		<u>8.328</u>	<u>7.739</u>
<b>Cash and cash equivalents at 31 December</b>		<b><u>8.328</u></b>	<b><u>7.739</u></b>

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent</b>	
	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>1 Staff expenses</b>				
Wages and salaries	39.650	39.205	37.219	36.655
Other social security expenses	818	816	526	554
Other staff expenses	<u>1.199</u>	<u>738</u>	<u>1.199</u>	<u>718</u>
	<b><u>41.667</u></b>	<b><u>40.759</u></b>	<b><u>38.944</u></b>	<b><u>37.927</u></b>
<b>Including remuneration to the Executive Board and Board of Directors</b>				
	<b><u>3.781</u></b>	<b><u>2.711</u></b>	<b><u>3.781</u></b>	<b><u>2.711</u></b>
<b>Average number of employees</b>	<b><u>77</u></b>	<b><u>80</u></b>	<b><u>68</u></b>	<b><u>71</u></b>
<b>2 Financial income</b>				
Other financial income	52	3	52	3
Exchange gains	<u>1.779</u>	<u>339</u>	<u>1.779</u>	<u>339</u>
	<b><u>1.831</u></b>	<b><u>342</u></b>	<b><u>1.831</u></b>	<b><u>342</u></b>
<b>3 Financial expenses</b>				
Other financial expenses	389	1.376	389	1.346
Exchange loss	<u>1.159</u>	<u>1.529</u>	<u>1.118</u>	<u>1.529</u>
	<b><u>1.548</u></b>	<b><u>2.905</u></b>	<b><u>1.507</u></b>	<b><u>2.875</u></b>



## Notes to the Financial Statements

	<b>Group</b>		<b>Parent</b>	
	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>4 Tax on profit/loss for the year</b>				
Current tax for the year	2.567	806	2.567	806
Deferred tax for the year	<u>193</u>	<u>-386</u>	<u>193</u>	<u>-386</u>
	<b><u>2.760</u></b>	<b><u>420</u></b>	<b><u>2.760</u></b>	<b><u>420</u></b>

## 5 Property, plant and equipment

### Group

	<u>Land and buildings</u> TDKK	<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January	39.101	38.494
Additions for the year	327	4.409
Disposals for the year	<u>0</u>	<u>-390</u>
Cost at 31 December	<u>39.429</u>	<u>42.513</u>
Impairment losses and depreciation at 1 January	9.128	31.353
Depreciation for the year	1.132	3.374
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-303</u>
Impairment losses and depreciation at 31 December	<u>10.260</u>	<u>34.424</u>
<b>Carrying amount at 31 December</b>	<b><u>29.168</u></b>	<b><u>8.089</u></b>

Financial leasing amounts to 2.416 under other fixtures and fittings, tools and equipment

## Notes to the Financial Statements

### Parent

	<u>Land and buildings</u> TDKK	<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January	39.101	38.162
Additions for the year	327	4.311
Disposals for the year	<u>0</u>	<u>-390</u>
Cost at 31 December	<u>39.428</u>	<u>42.083</u>
Impairment losses and depreciation at 1 January	9.128	31.184
Depreciation for the year	1.132	3.324
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-303</u>
Impairment losses and depreciation at 31 December	<u>10.260</u>	<u>34.205</u>
<b>Carrying amount at 31 December</b>	<b><u>29.168</u></b>	<b><u>7.878</u></b>

Financial leasing amounts to 2.416 under other fixtures and fittings, tools and equipment

### 6 Investments in subsidiaries

	<u>2021</u> TDKK	<u>2020</u> TDKK
Cost at 1 January	<u>1</u>	<u>1</u>
Capital increase	<u>3.707</u>	<u>3.707</u>
Cost at 31 December	<u>3.708</u>	<u>3.708</u>
Value adjustments at 1 January	-3.971	-1.666
Exchange adjustment	-38	134
Net profit/loss for the year	<u>-856</u>	<u>-2.439</u>
Value adjustments at 31 December	<u>-4.865</u>	<u>-3.971</u>
Equity investments with negative net asset value amortised over receivables	<u>2.222</u>	<u>1.848</u>
<b>Carrying amount at 31 December</b>	<b><u>1.065</u></b>	<b><u>1.585</u></b>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u>	<u>Votes and ownership</u>
isoplus Piping Systems Inc.	Toronto, Canada	CAD 0	100%
isoplus Piping Systems Ltd.	Doncaster, United Kingdom	GBP 450.100	100%
isoplus Piping Systems Inc.	Chicago, USA	USD 0	100%

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent</b>	
	<u>2020</u> TDKK	<u>2020</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>7 Contract work in progress</b>				
Selling price of work in progress	38.687	36.724	0	0
Payments received on account	<u>-33.288</u>	<u>--33.595</u>	<u>0</u>	<u>0</u>
	<b><u>5.399</u></b>	<b><u>3.129</u></b>	<b><u>0</u></b>	<b><u>0</u></b>

Contract work in progress is in the balance presented as receivables with 9.210 TDKK, and debts 3.811 TDKK

### 8 Prepayments

Prepayments consists of accrued costs.

### 9 Distribution of profit

Reserve for net revaluation under the equity method  
Retained earnings

	<b>Parent</b>	
	<u>2021</u> TDKK	<u>2020</u> TDKK
Reserve for net revaluation under the equity method	0	0
Retained earnings	<u>8.991</u>	<u>-1.051</u>
	<b><u>8.991</u></b>	<b><u>-1.051</u></b>

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent</b>	
	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>10 Provision for deferred tax</b>				
Provision for deferred tax at 1 January	1.719	2.107	1.709	2.096
Amounts recognised in the income statement for the year	<u>-193</u>	<u>-388</u>	<u>-193</u>	<u>-387</u>
<b>Provision for deferred tax at 31 December</b>	<b><u>1.912</u></b>	<b><u>1.719</u></b>	<b><u>1.902</u></b>	<b><u>1.709</u></b>

### 11 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	<b>Group</b>		<b>Parent</b>	
	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Mortgage loans</b>				
After 5 years	3.549	4.913	3.549	4.913
Between 1 and 5 years	<u>3.145</u>	<u>2.432</u>	<u>3.145</u>	<u>2.432</u>
Long-term part	6.694	7.345	6.694	7.345
Within 1 year	<u>629</u>	<u>608</u>	<u>629</u>	<u>608</u>
	<b><u>7.323</u></b>	<b><u>7.953</u></b>	<b><u>7.323</u></b>	<b><u>7.953</u></b>

# Notes to the Financial Statements

## 11 Long-term debt (continued)

	<u>Group</u>		<u>Parent</u>	
	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>Credit institutions</b>				
Between 1 and 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Long-term part	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Within 1 year	0	553	0	553
Other short-term debt to credit institutions	<u>52.868</u>	<u>36.934</u>	<u>52.868</u>	<u>36.934</u>
Short-term part	<u>52.868</u>	<u>37.487</u>	<u>52.868</u>	<u>37.487</u>
	<b><u>52.868</u></b>	<b><u>37.487</u></b>	<b><u>52.868</u></b>	<b><u>37.487</u></b>
<b>Lease obligations</b>				
Between 1 and 5 years	<u>624</u>	<u>985</u>	<u>624</u>	<u>985</u>
Long-term part	<u>624</u>	<u>985</u>	<u>624</u>	<u>985</u>
Within 1 year	<u>245</u>	<u>1.645</u>	<u>245</u>	<u>1.645</u>
	<b><u>869</u></b>	<b><u>2.630</u></b>	<b><u>869</u></b>	<b><u>2.630</u></b>
<b>Other payables</b>				
Between 1 and 5 years	<u>1.110</u>	<u>0</u>	<u>1.110</u>	<u>0</u>
Long-term part	<u>1.110</u>	<u>0</u>	<u>1.110</u>	<u>0</u>
Other short-term payables	<u>17.800</u>	<u>10.200</u>	<u>14.560</u>	<u>8.932</u>
	<b><u>18.910</u></b>	<b><u>10.200</u></b>	<b><u>15.670</u></b>	<b><u>8.932</u></b>

## Notes to the Financial Statements

	<b>Group</b>	
	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>12 Cash flow statement - adjustments</b>		
Financial income	-1.831	-342
Financial expenses	1.548	2.905
Depreciation, amortisation and impairment losses, including losses and gains on sales	4.506	4.452
Tax on profit/loss for the year	<u>2.760</u>	<u>420</u>
	<b><u>6.983</u></b>	<b><u>7.438</u></b>
<b>12 Cash flow statement - change in working capital</b>		
Change in inventories	-5.769	-3.725
Change in receivables	-30.138	5.385
Change in trade payables, etc	<u>14.317</u>	<u>105</u>
	<b><u>-21.590</u></b>	<b><u>1.765</u></b>

## 14 Related parties

Isoplus Fjernvarmeteknik A/S' related parties comprise the following:

Isoplus Fernwärmetechnik GmbH, Furthofstr. 1.a, Hohenberg, Austria	Capital possession
Requisitioning of the parent company's consolidated financial statement, by contact to the company	
Isoplus Piping Systems Ltd, Doncaster, United Kingdom	Subsidiary
Isoplus Piping Systems Inc, Chicago, USA	Subsidiary
Isoplus Piping Systems Inc, Toronto, Canada	Subsidiary

Transactions with related parties are done on market terms.

## Notes to the Financial Statements

	Group		Parent	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK

### 15 Contingent assets, liabilities and other financial obligations

#### Charges and security

The following assets have been placed as security with mortgage credit institutes:

Land and buildings at a total carrying amount of	29.168	29.973	29.168	29.973
--	--------	--------	--------	--------

The following assets have been placed as security with bankers:

Mortgage deeds registered to the mortgagor totaling TDKK 8,119 providing security on land and buildings at a total carrying amount of	29.168	29.973	29.168	29.973
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Floating company charge totaling TDKK 40,000, providing security on receivables and inventory

#### Rental and lease obligations

There have been concluded leases with expiry up to December 2026. Rental and lease payments are per month TDKK 231. The rental and lease obligation are similar for parent and group.

#### Other contingent liabilities

The group has at year end issued guarantees through banks, totaling TDKK 5.773. Guarantees relate to ongoing and completed work. The contingent liabilities are similar for parent and group.

Parent company has issued letter of support for continues operations for Isoplus Piping Systems Ltd, Doncaster, United Kingdom.

# Notes to the Financial Statements

## 16 Accounting Policies

The Annual Report of isoplus Fjernvarmeteknik A/S for 2020 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2021 are presented in TDKK.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, isoplus Fjernvarmeteknik A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.



# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income Statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### **Expenses for raw materials and consumables**

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

### **Other external expenses**

Other external expenses comprise iexpenses for premises, sales and distribution as well as office expenses, etc.

### **Gross profit/loss**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

### **Staff expenses**

Staff expenses comprise wages and salaries as well as payroll expenses.

### **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of property, plant and equipment.

### **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Group, including gains and losses on the sale of intangible assets and property, plant and equipment.

### **Income from investments in subsidiaries**

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

### **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

## Balance Sheet

### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Production buildings	20 - 50 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	3 years

Depreciation period and residual value are reassessed annually.

### Impairment of fixed assets

The carrying amounts of property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

### Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

### **Inventories**

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

### **Receivables**

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

### **Contract work in progress**

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

# Notes to the Financial Statements

## 17 Accounting Policies (continued)

### Cash Flow Statement

The cash flow statement shows the Group's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group's cash and cash equivalents at the beginning and end of the year.

#### Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

#### Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

#### Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

#### Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand" and "Overdraft facilities".

The cash flow statement cannot be immediately derived from the published financial records.

### Financial Highlights

#### Explanation of financial ratios

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$



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### Claus Jarlgaard Jensen

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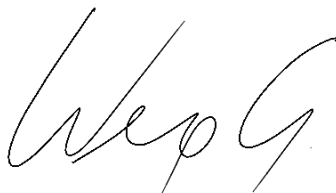
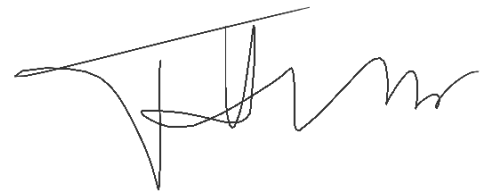
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