

# **HIDROSTAL A/S**

**Petersmindevej 25, 5000 Odense C**

**Company reg. no. 17 47 25 77**

## **Annual report**

**1 January - 31 December 2019**

The annual report was submitted and approved by the general meeting on the 25 May 2020.

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**Gerd Preissler**  
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

## **Management's report**

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Today, the board of directors and the managing director have presented the annual report of HIDROSTAL A/S for the financial year 1 January - 31 December 2019.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2019, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2019.

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

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

Odense, 12 March 2020

### **Managing Director**

Jeppe Holm

### **Board of directors**

Gerd Preissler  
Chairman

Jeppe Holm

Svend Aage Larsen

## **Independent auditor's report**

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### **To the shareholders of HIDROSTAL A/S**

#### **Opinion**

We have audited the consolidated financial statements and the financial statements of HIDROSTAL A/S for the financial year 1 January to 31 December 2019, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively and consolidated statement of cash flows. The consolidated financial statements and the financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the financial statements present a fair view of the assets, equity and liabilities, and financial position, consolidated and of the company, respectively, at 31 December 2019 and of the results of the company's activities, consolidated and of the company, respectively and of consolidated cash flows for the financial year 1 January - 31 December 2019 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the consolidated financial statements and the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

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

## **Independent auditor's report**

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group's and the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

## **Independent auditor's report**

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- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

### **Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

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

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

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

Odense, 12 March 2020

### **Revision & Råd**

Statsautoriseret Revisionsaktieselskab  
Company reg. no. 36 92 33 18

Jan Grevelund  
State Authorised Public Accountant  
mne5260

Mathias Lundsryd Bendiksen  
State Authorised Public Accountant  
mne35805

## Company information

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<b>The company</b>	HIDROSTAL A/S Petersmindevej 25 5000 Odense C
	Company reg. no. 17 47 25 77
	Established: 1 December 1993
	Domicile: Odense
	Financial year: 1 January - 31 December 26th financial year
<b>Board of directors</b>	Gerd Preissler, Chairman Jeppe Holm Svend Aage Larsen
<b>Managing Director</b>	Jeppe Holm
<b>Auditors</b>	Revision & Råd Statsautoriseret Revisionsaktieselskab Svendborgvej 83 5260 Odense S
<b>Subsidiary</b>	Veje Engineering ApS, Lejre

## Consolidated financial highlights

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DKK in thousands.	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
<b>Income statement:</b>				
Gross profit	25.517	24.420	24.900	25.270
Profit from ordinary operating activities	3.901	3.738	5.354	9.378
Net financials	-263	-145	-305	-159
Net profit or loss for the year	2.676	2.654	3.740	7.078
<b>Statement of financial position:</b>				
Balance sheet total	52.029	53.551	51.604	56.098
Investments in property, plant and equipment	723	315	6.192	480
Equity	26.850	24.412	24.402	23.747
<b>Key figures in %:</b>				
Solvency ratio	51,6	45,6	47,3	42,3
Return on equity	10,4	10,9	15,5	33,9

HIDROSTAL A/S prepared its first consolidated financial statements in 2017. In pursuance of section 128 (4) and the Danish Financial Statements Act, comparatives for 2015 are not included.

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

**Solvency ratio** 
$$\frac{\text{Equity, closing balance} \times 100}{\text{Total assets, closing balance}}$$

**Return on equity** 
$$\frac{\text{Net profit or loss for the year} \times 100}{\text{Average equity}}$$



## **Management commentary**

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### **The principal activities of the group**

Like previous years, the principal activities of the group and of HIDROSTAL A/S are sale, manufacturing and service of well, pumps and pump and well fittings.

### **Development in activities and financial matters**

The gross profit for the year totals DKK 21.385.895 against DKK 20.582.000 last year. Income from ordinary activities after tax totals DKK 2.676.404 against DKK 2.654.000 last year. Management considers the net profit for the year satisfactory.

### **Treasury shares**

During the year, HIDROSTAL A/S disposed 118.643 treasury shares at DKK 34,06 each. The selling price was DKK 4.040.981.

### **Expected developments**

The company expects to realize a result in 2020 on the same level as in 2019.

### **Events occurring after the end of the financial year**

No events have occurred after the balance sheet date to this date, which would influence the evaluation of the annual report.

## **Accounting policies**

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

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

### **The consolidated financial statements**

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

In the consolidation process, intercompany income and expenses, shareholding, intercompany balances and dividends, and realised and unrealised profit and loss derived from transactions among the consolidated enterprises will be eliminated.

Equity investments in group enterprises are eliminated by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

### **Foreign currency translation**

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of transaction. Exchange rate differences arising between the rate at the date of transaction and the rate at the date of payment are recognised in the income statement as an item under net financials.

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

## **Income statement**

### **Gross profit**

Gross profit comprises the revenue, cost of raw materials and consumables, 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.

Contract work in progress is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

## **Accounting policies**

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Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts and changes in inventories.

Other external costs comprise costs incurred for sales, advertising, administration, premises, loss on receivables, and operational leasing costs etc.

### **Staff costs**

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

### **Depreciation, amortisation, and writedown for impairment**

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

### **Financial income and expenses**

Financial income and expenses comprise interest and realised and unrealised capital gains and losses concerning financial assets and liabilities etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

### **Results from equity investments in group enterprises**

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

### **Tax on net profit or loss for the year**

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

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

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

## Accounting policies

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### Statement of financial position

#### Intangible assets

##### Goodwill

Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 5 and 25 years. The amortisation period is determined on the basis of an expected pay-back period, being the longer for strategical acquirees with a strong market position and an expected longterm earnings profile. The amortisation periods used are 5 years.

##### Property, plant, and equipment

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

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

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

Depreciation is done on a straight-line basis according to an assessment of the expected useful life and the residual value of the individual assets:

	Useful life	Residual value
Buildings	25 years	0-50 %
Leasehold improvements	20 years	0 %
Other fixtures and fittings, tools and equipment	5 years	0 %

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

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

#### Investments

##### Equity investments in group enterprises

Equity investments in group enterprises are recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

## Accounting policies

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Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

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

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached. The amortisation periods used are 5 years.

### Deposits

Deposits are measured at amortised cost and represent lease deposits, etc.

### Impairment loss relating to non-current assets

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

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

The recoverable amount is 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 derived from the use of the asset or group of assets.

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

## **Accounting policies**

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### **Inventories**

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

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

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

### **Receivables**

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

### **Contract work in progress**

Contract work in progress is measured at the selling price of the work performed less invoicing on account and expected losses. Contract work in progress is characterised by the goods manufactured having a high degree of individualised design.

The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an assessment 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 seems probable that the total contract costs will exceed the total contract revenue, the expected contract loss is immediately recognised as costs and provisions.

When the results of a contract cannot be assessed reliably, the selling price is recognised solely on a cost basis to the extent that it seems probable that the costs will be recovered.

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

Prepayments from customers are recognised as liabilities.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

### **Prepayments and accrued income**

Prepayments and accrued income recognised under assets comprise incurred costs concerning the following financial year.

## **Accounting policies**

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### **Cash on hand and demand deposits**

Cash on hand and demand deposits comprise cash at bank and on hand.

### **Equity**

#### **Treasury shares**

Purchase prices and sales prices of own shares are recognised directly in equity. Gains and losses on sale are not recognised in the income statement. The dividend of own shares is recognised directly in equity under retained earnings.

#### **Reserve for net revaluation according to the equity method**

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

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

The reserve cannot be recognised by a negative amount.

#### **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).

#### **Other provisions**

Provisions comprise expected costs of non-recourse guarantee commitments, loss on work in progress, restructuring, etc. Provisions are recognised when the group has a legal or actual commitment resulting from a previously occurred event and when it is probable that the settlement of the liability will result in consumption of the financial resources of the group.

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

If goods are sold on approval, a provision is made for the mark-up on the goods estimated to be returned as well as any expenses related to the returns.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

When it is probable that the total costs will exceed the total income of contract work in progress, provisions are made for the total loss expected on the contract.

## **Accounting policies**

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### **Income tax and deferred tax**

Current tax receivables and tax liabilities are recognised in the statement of financial position with 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 receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

### **Leases**

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

### **Liabilities other than provisions**

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

### **Statement of cash flows**

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

### **Cash flows from operating activities**

Cash flows from operating activities are calculated as the profit or loss for the year adjusted for noncash operating items, changes in the working capital, and income tax paid.

### **Cash flows from investment activities**

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



## **Accounting policies**

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### **Cash flows from financing activities**

Cash flows from financing activities comprise changes in the size or composition of the share capital and associated costs. Furthermore, cash flows comprise borrowings, repayments of interest-bearing payables, and payments of dividend to the shareholders.

### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand less shortterm bank loans and are associated with an insignificant risk of value change.

## Income statement 1 January - 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

Note	Group		Parent		
	2019	2018	2019	2018	
	<b>25.517.168</b>	<b>24.420</b>	<b>21.385.895</b>	<b>20.582</b>	
	<b>Gross profit</b>				
2	Staff costs	-20.504.156	-19.324	-16.779.277	-15.257
3	Depreciation, amortisation, and impairment	-1.111.893	-1.358	-442.276	-630
	<b>Operating profit</b>	<b>3.901.119</b>	<b>3.738</b>	<b>4.164.342</b>	<b>4.695</b>
	Income from equity investments in group enterprises	0	0	-381.579	-871
	Other financial income from group enterprises	0	0	1.458	0
	Other financial income	40.511	116	35.881	91
	Other financial costs	-303.999	-261	-234.209	-225
	<b>Pre-tax net profit or loss</b>	<b>3.637.631</b>	<b>3.593</b>	<b>3.585.893</b>	<b>3.690</b>
4	Tax on net profit or loss for the year	-961.227	-939	-909.489	-1.036
5	<b>Net profit or loss for the year</b>	<b>2.676.404</b>	<b>2.654</b>	<b>2.676.404</b>	<b>2.654</b>

## Statement of financial position at 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

Note	Group		Parent		
	2019	2018	2019	2018	
<b>Assets</b>					
<b>Non-current assets</b>					
6	Goodwill	780.882	1.301	0	0
	Total intangible assets	780.882	1.301	0	0
7	Property	5.496.311	5.525	5.496.311	5.525
8	Other fixtures and fittings, tools and equipment	1.307.563	1.135	943.416	667
9	Leasehold improvements	98.289	109	0	0
	Total property, plant, and equipment	6.902.163	6.769	6.439.727	6.192
10	Equity investments in group enterprises	0	0	4.462.807	4.845
11	Deposits	295.252	295	89.800	90
	Total investments	295.252	295	4.552.607	4.935
	<b>Total non-current assets</b>	<b>7.978.297</b>	<b>8.365</b>	<b>10.992.334</b>	<b>11.127</b>
<b>Current assets</b>					
	Manufactured goods and goods for resale	12.909.291	14.463	12.889.291	14.418
	Total inventories	12.909.291	14.463	12.889.291	14.418
	Trade receivables	20.505.683	22.762	16.828.681	19.985
12	Contract work in progress	6.919.234	2.429	6.713.704	2.317
	Receivables from group enterprises	6.580	0	6.580	0
13	Deferred tax assets	708.809	903	781.547	936
	Income tax receivables	639.992	553	639.992	448
	Other receivables	123.002	23	108.002	0
14	Prepayments and accrued income	218.720	160	137.209	37
	Total receivables	29.122.020	26.830	25.215.715	23.723
	Cash on hand and demand deposits	2.019.458	3.893	1.797.768	3.341
	<b>Total current assets</b>	<b>44.050.769</b>	<b>45.186</b>	<b>39.902.774</b>	<b>41.482</b>
	<b>Total assets</b>	<b>52.029.066</b>	<b>53.551</b>	<b>50.895.108</b>	<b>52.609</b>

## Statement of financial position at 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

Note	Group		Parent		
	2019	2018	2019	2018	
<b>Equity and liabilities</b>					
<b>Equity</b>					
15	Contributed capital	1.000.000	1.000	1.000.000	1.000
	Reserve for net revaluation according to the equity method	0	0	302.307	684
	Retained earnings	23.710.338	23.412	23.408.031	17.874
	Proposed dividend for the financial year	2.140.000	0	2.140.000	4.855
	<b>Total equity</b>	<b>26.850.338</b>	<b>24.412</b>	<b>26.850.338</b>	<b>24.413</b>
<b>Provisions</b>					
16	Other provisions	4.725.000	4.900	4.725.000	4.900
	<b>Total provisions</b>	<b>4.725.000</b>	<b>4.900</b>	<b>4.725.000</b>	<b>4.900</b>
<b>Liabilities other than provisions</b>					
	Other payables	367.750	0	340.250	0
17	Total long term liabilities other than provisions	367.750	0	340.250	0

## Statement of financial position at 31 December

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

### Equity and liabilities

Note	Group		Parent	
	2019	2018	2019	2018
	6.041	8	5.672	8
12				
Bank loans				
Prepayments received from customers for contract work in progress	3.812.553	1.417	3.812.553	1.258
Trade payables	3.960.665	2.945	3.626.419	2.732
Payables to group enterprises	8.475.357	15.726	8.661.123	16.694
Other payables	3.831.362	4.143	2.873.753	2.604
Total short term liabilities other than provisions	<u>20.085.978</u>	<u>24.239</u>	<u>18.979.520</u>	<u>23.296</u>
<b>Total liabilities other than provisions</b>	<b><u>20.453.728</u></b>	<b><u>24.239</u></b>	<b><u>19.319.770</u></b>	<b><u>23.296</u></b>
<b>Total equity and liabilities</b>	<b><u>52.029.066</u></b>	<b><u>53.551</u></b>	<b><u>50.895.108</u></b>	<b><u>52.609</u></b>

**1 Subsequent events**

**18 Charges and security**

**19 Contingencies**

**20 Related parties**

## Consolidated statement of changes in equity

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All amounts in DKK.

	<b>Contributed capital not paid</b>	<b>Reserve for net revaluation according to the equity method</b>	<b>Retained earnings</b>	<b>Proposed dividend for the financial year</b>	<b>Total</b>
Equity 1 January 2019	1.000.000	0	23.412.121	0	24.412.121
Share of profit or loss	0	0	536.404	2.140.000	2.676.404
Other equity postings	0	0	-238.187	0	-238.187
	<b>1.000.000</b>	<b>0</b>	<b>23.710.338</b>	<b>2.140.000</b>	<b>26.850.338</b>

## Statement of changes in equity of the parent

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All amounts in DKK.

	<b>Contributed capital</b>	<b>Reserve for net revalua- tion according to the eq-uity method</b>	<b>Retained earnings</b>	<b>Proposed dividend for the financial year</b>	<b>Total</b>
Equity 1 January 2019	1.000.000	683.886	17.873.034	4.855.200	24.412.120
Distributed dividend	0	0	0	-4.855.200	-4.855.200
Share of profit or loss	0	-381.579	917.983	2.140.000	2.676.404
Other equity postings	0	0	4.617.014	0	4.617.014
	<b>1.000.000</b>	<b>302.307</b>	<b>23.408.031</b>	<b>2.140.000</b>	<b>26.850.338</b>

## Statement of cash flows 1 January - 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	Group	
	2019	2018
Net profit or loss for the year	2.676.404	2.654
Adjustments	2.161.601	2.640
Change in working capital	-4.966.318	5.269
Cash flows from operating activities before net financials	-128.313	10.563
Interest received, etc.	40.520	117
Interest paid, etc.	-303.999	-261
Cash flows from ordinary activities	-391.792	10.419
Income tax paid	-886.539	-1.514
<b>Cash flows from operating activities</b>	<b>-1.278.331</b>	<b>8.905</b>
Purchase of property, plant, and equipment	-722.557	-315
<b>Cash flows from investment activities</b>	<b>-722.557</b>	<b>-315</b>
Long-term payables incurred	367.750	0
Sale of treasury shares	4.040.981	0
Dividend paid	-4.279.167	-2.644
<b>Cash flows from investment activities</b>	<b>129.564</b>	<b>-2.644</b>
<b>Change in cash and cash equivalents</b>	<b>-1.871.324</b>	<b>5.946</b>
Cash and cash equivalents at opening balance	3.884.741	-2.061
<b>Cash and cash equivalents at end of period</b>	<b>2.013.417</b>	<b>3.885</b>
<b>Cash and cash equivalents</b>		
Cash on hand and demand deposits	2.019.458	3.892
Short-term bank loans	-6.041	-7
<b>Cash and cash equivalents at end of period</b>	<b>2.013.417</b>	<b>3.885</b>



## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

### 1. Subsequent events

No events have occurred after the balance sheet date to this date, which would influence the evaluation of the annual report.

	Group		Parent	
	2019	2018	2019	2018
<b>2. Staff costs</b>				
Salaries and wages	17.951.616	16.851	14.618.280	13.176
Pension costs	2.181.733	2.166	1.871.455	1.852
Other costs for social security	370.807	307	289.542	229
	<u>20.504.156</u>	<u>19.324</u>	<u>16.779.277</u>	<u>15.257</u>
Average number of employees	<u>37</u>	<u>38</u>	<u>29</u>	<u>28</u>

According to The Danish Financial Statements Act § 98b, remuneration to the Board of Directors have not been disclosed.

### 3. Depreciation, amortisation, and impairment

Amortisation of goodwill	520.588	521	0	0
Depreciation of leasehold improvements	10.905	11	0	0
Depreciation of buildings	104.265	104	104.265	104
Depreciation of other fixtures and fittings, tools and equipment	476.135	717	338.011	521
Profit/loss on the sale of property, plant, and equipment	0	5	0	5
	<u>1.111.893</u>	<u>1.358</u>	<u>442.276</u>	<u>630</u>

### 4. Tax on net profit or loss for the year

Tax on net profit or loss for the year	789.008	861	756.275	966
Adjustment of deferred tax for the year	173.640	78	154.635	70
Adjustment of tax for previous years	-1.421	0	-1.421	0
	<u>961.227</u>	<u>939</u>	<u>909.489</u>	<u>1.036</u>

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	Parent	
	2019	2018
<b>5. Proposed appropriation of net profit</b>		
Reserves for net revaluation according to the equity method	-381.579	-871
Dividend for the financial year	2.140.000	4.855
Transferred to retained earnings	917.983	0
Allocated from retained earnings	0	-1.330
<b>Total allocations and transfers</b>	<b>2.676.404</b>	<b>2.654</b>

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
<b>6. Goodwill</b>				
Cost opening balance	2.602.940	2.603	0	0
<b>Cost end of period</b>	<b>2.602.940</b>	<b>2.603</b>	<b>0</b>	<b>0</b>
Amortisation and writedown opening balance	-1.301.470	-781	0	0
Amortisation and depreciation for the year	-520.588	-521	0	0
<b>Amortisation and writedown end of period</b>	<b>-1.822.058</b>	<b>-1.302</b>	<b>0</b>	<b>0</b>
<b>Carrying amount, end of period</b>	<b>780.882</b>	<b>1.301</b>	<b>0</b>	<b>0</b>

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
<b>7. Property</b>				
Cost opening balance	5.674.837	5.675	5.674.837	5.675
Additions during the year	75.259	0	75.259	0
<b>Cost end of period</b>	<b>5.750.096</b>	<b>5.675</b>	<b>5.750.096</b>	<b>5.675</b>
Depreciation and writedown opening balance	-149.527	-46	-149.527	-46
Amortisation and depreciation for the year	-104.258	-104	-104.258	-104
<b>Depreciation and writedown end of period</b>	<b>-253.785</b>	<b>-150</b>	<b>-253.785</b>	<b>-150</b>
<b>Carrying amount, end of period</b>	<b>5.496.311</b>	<b>5.525</b>	<b>5.496.311</b>	<b>5.525</b>
<b>8. Other fixtures and fittings, tools and equipment</b>				
Cost opening balance	5.613.378	5.355	3.072.013	2.904
Additions during the year	647.298	315	615.298	226
Disposals during the year	0	-58	0	-58
<b>Cost end of period</b>	<b>6.260.676</b>	<b>5.612</b>	<b>3.687.311</b>	<b>3.072</b>
Amortisation and writedown opening balance	-4.476.978	-3.813	-2.405.884	-1.937
Amortisation and depreciation for the year	-476.135	-717	-338.011	-521
Depreciation, amortisation and impairment loss for the year, assets disposed of	0	53	0	53
<b>Amortisation and writedown end of period</b>	<b>-4.953.113</b>	<b>-4.477</b>	<b>-2.743.895</b>	<b>-2.405</b>
<b>Carrying amount, end of period</b>	<b>1.307.563</b>	<b>1.135</b>	<b>943.416</b>	<b>667</b>

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	Group		Parent	
	<u>31/12 2019</u>	<u>31/12 2018</u>	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>9. Leasehold improvements</b>				
Cost opening balance	<u>218.117</u>	<u>218</u>	<u>0</u>	<u>0</u>
<b>Cost end of period</b>	<u><b>218.117</b></u>	<u><b>218</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
Depreciation and writedown opening balance	-108.923	-98	0	0
Amortisation and depreciation for the year	<u>-10.905</u>	<u>-11</u>	<u>0</u>	<u>0</u>
<b>Depreciation and writedown end of period</b>	<u><b>-119.828</b></u>	<u><b>-109</b></u>	<u><b>0</b></u>	<u><b>0</b></u>
<b>Carrying amount, end of period</b>	<u><b>98.289</b></u>	<u><b>109</b></u>	<u><b>0</b></u>	<u><b>0</b></u>

## Notes

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
<b>10. Equity investments in group enterprises</b>				
Cost opening balance	0	0	4.160.500	4.161
<b>Cost end of period</b>	<b>0</b>	<b>0</b>	<b>4.160.500</b>	<b>4.161</b>
Revaluations, opening balance				
opening balance	0	0	1.985.356	2.336
Net profit or loss for the year before amortisation of goodwill	0	0	139.009	-350
<b>Revaluation end of period</b>	<b>0</b>	<b>0</b>	<b>2.124.365</b>	<b>1.986</b>
Amortisation of goodwill, opening balance				
opening balance	0	0	-1.301.470	-781
Amortisation of goodwill for the year	0	0	-520.588	-521
<b>Depreciation on goodwill end of period</b>	<b>0</b>	<b>0</b>	<b>-1.822.058</b>	<b>-1.302</b>
<b>Carrying amount, end of period</b>	<b>0</b>	<b>0</b>	<b>4.462.807</b>	<b>4.845</b>
The item includes goodwill with an amount of	0	0	780.882	1.301.470

### Financial highlights for the enterprises according to the latest approved annual reports

	Equity interest	Equity DKK	Results for the year DKK
Veje Engineering ApS, Lejre	100 %	3.681.925	181.328

## 11. Deposits

Cost opening balance	295.252	295	89.800	90
<b>Cost end of period</b>	<b>295.252</b>	<b>295</b>	<b>89.800</b>	<b>90</b>
<b>Carrying amount, end of period</b>	<b>295.252</b>	<b>295</b>	<b>89.800</b>	<b>90</b>

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

	Group		Parent	
	<u>31/12 2019</u>	<u>31/12 2018</u>	<u>31/12 2019</u>	<u>31/12 2018</u>
<b>12. Contract work in progress</b>				
Selling price of the production for the period	6.919.234	4.268	6.713.704	3.968
Payments received on account	<u>-3.812.553</u>	<u>-3.256</u>	<u>-3.812.553</u>	<u>-2.909</u>
<b>Contract work in progress, net</b>	<b><u>3.106.681</u></b>	<b><u>1.012</u></b>	<b><u>2.901.151</u></b>	<b><u>1.059</u></b>
The following is recognised:				
Contract work in progress (current assets)	6.919.234	2.429	6.713.704	2.317
Contract work in progress (prepayments received on account)	<u>-3.812.553</u>	<u>-1.417</u>	<u>-3.812.553</u>	<u>-1.258</u>
	<b><u>3.106.681</u></b>	<b><u>1.012</u></b>	<b><u>2.901.151</u></b>	<b><u>1.059</u></b>
<b>13. Deferred tax assets</b>				
Deferred tax assets opening balance	910.547	981	943.483	1.006
Deferred tax of the net profit or loss for the year	<u>-201.738</u>	<u>-78</u>	<u>-161.936</u>	<u>-70</u>
	<b><u>708.809</u></b>	<b><u>903</u></b>	<b><u>781.547</u></b>	<b><u>936</u></b>
<b>14. Prepayments and accrued income</b>				
Prepayments consists of prepayments on costs concerning subsequent financial year.				
<b>15. Contributed capital</b>				
Contributed capital opening balance	<u>1.000.000</u>	<u>1.000</u>	<u>1.000.000</u>	<u>1.000</u>
	<b><u>1.000.000</u></b>	<b><u>1.000</u></b>	<b><u>1.000.000</u></b>	<b><u>1.000</u></b>
<b>16. Other provisions</b>				
Other provisions comprise anticipated costs of non-recourse guarantee commitments.				

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

### 17. Liabilities other than provision

	<u>Total payables 31 Dec 2019</u>	<u>Current portion of long term payables</u>	<u>Long term payables 31 Dec 2019</u>	<u>Outstanding payables after 5 years</u>
<b>Group</b>				
Other payables	367.750	0	367.750	0
	<u>367.750</u>	<u>0</u>	<u>367.750</u>	<u>0</u>
<b>Parent</b>				
Other payables	340.250	0	340.250	0
	<u>340.250</u>	<u>0</u>	<u>340.250</u>	<u>0</u>

### 18. Charges and security

Debt to parent company of DKK 0 is secured by way of mortgage on properties for DKK 7.000.000. The carrying amount of mortgaged properties is DKK 5.496.311.

### 19. Contingencies

#### Contingent liabilities

Rental or lease liabilities:

Liabilities under rental or lease agreements until maturity comprise for the parent in total DKK 953.460.

Liabilities under rental or lease agreements until maturity comprise for the group in total DKK 1.859.900.

Securities:

Tryg Garanti has lodged security towards various customers for the parent for DKK 7.666.775.

Tryg Garanti has lodged security towards various customers for the group for DKK 9.345.416.

#### Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

## Notes

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Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

### 19. Contingencies (continued)

#### Joint taxation (continued)

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

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

### 20. Related parties

#### Related parties with controlling interest in Hidrostal A/S:

Hidrostal Holding AG, Gigering 27, 8213 Neunkirch, Switzerland	Majority shareholder
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#### Transactions

All transactions with related parties are conducted on market terms.

#### Consolidated financial statements

The company is included in the consolidated financial statements for both the largest and smallest group of Hidrostal Holding AG, Gigering 27, 8213 Neunkirch, Switzerland.