

HIDROSTAL A/S

Petersmindevej 25, 5000 Odense C

Company reg. no. 17 47 25 77

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 25 May 2021.

Gerd Preissler
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS 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

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 2020.

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

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

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

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

Odense, 15 March 2021

Managing Director

Jeppe Holm

Board of directors

Gerd Preissler
Chairman

Jeppe Holm

Svend Aage Larsen

Independent auditor's report

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 2020, which comprise accounting policies, income statement, statement of financial position, statement of changes in equity and notes, consolidated and of the company, respectively and consolidated statement 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 2020 and of the results of the company's activities, consolidated and of the company, respectively and of consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

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

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

Independent auditor's report

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

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

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

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

Independent auditor's report

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Odense, 15 March 2021

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

| | |
|---------------------------|--|
| The company | 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 27th financial year |
| Board of directors | Gerd Preissler, Chairman Jeppe Holm Svend Aage Larsen |
| Managing Director | Jeppe Holm |
| Auditors | Revision & Råd Statsautoriseret Revisionsaktieselskab Svendborgvej 83 5260 Odense S |
| Subsidiary | Veje Engineering ApS, Lejre |

Consolidated financial highlights

| DKK in thousands. | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------|-------------|-------------|-------------|-------------|
| Income statement: | | | | | |
| Gross profit | 28.168 | 25.408 | 24.420 | 24.900 | 25.270 |
| Profit from operating activities | 6.311 | 3.855 | 3.738 | 5.354 | 9.378 |
| Net financials | -275 | -263 | -145 | -305 | -159 |
| Net profit or loss for the year | 4.568 | 2.640 | 2.654 | 3.740 | 7.078 |
| Statement of financial position: | | | | | |
| Balance sheet total | 74.113 | 48.493 | 53.551 | 51.604 | 56.098 |
| Investments in property, plant and equipment | 3.313 | 723 | 315 | 6.192 | 480 |
| Equity | 29.278 | 26.849 | 24.412 | 24.402 | 23.747 |
| Key figures in %: | | | | | |
| Solvency ratio | 39,5 | 55,4 | 45,6 | 47,3 | 42,3 |
| Return on equity | 16,3 | 10,3 | 10,9 | 15,5 | 33,9 |

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

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 22.958.472 against DKK 21.322.000 last year. Income from ordinary activities after tax totals DKK 4.568.363 against DKK 2.640.000 last year. Management considers the net profit for the year satisfactory.

Expected developments

The company expects to realize a result in 2021 at the same level as in 2020.

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

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.

Consolidation policies

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

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials.

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, changes in contract work in progress, cost of sales, 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 concerning construction contracts 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

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

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

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 are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to debt and transactions in foreign currency etc.

Results from equity investments in group enterprises

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

Tax 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

Statement of financial position

Intangible assets

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. Goodwill is amortised over the estimated useful life, which is determined on the basis of management's experience in the individual business areas. Goodwill is amortised on a straightline basis over the amortisation period, which is set at between 5 and 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 and measured by applying the equity method. The equity method is used as a method of consolidation.

Accounting policies

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

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

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.

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

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

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

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

Accounting policies

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 nominal value.

In order to meet expected losses, impairment takes place at the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. 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 work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress can not be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

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.

Cash on hand and demand deposits

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

Accounting policies

Equity

Reserve for net revaluation according to the equity method

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

Provisions

Provisions comprise expected costs of warranty 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.

Provisions are measured at net realisable value or at fair value. If the fulfilment of a liability is expected to take place far in the future, the liability is measured 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 likely that the total costs will exceed the total income of contract work in progress, the total expected loss on the contract work in progress will be recognised as provisions for liabilities. The provision is recognised under production costs.

Income tax and deferred tax

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

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

Accounting policies

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

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

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

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

Leases

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

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

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

Liabilities other than provisions

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

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

Accounting policies

Statement of cash flows

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

Cash flows from operating activities

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

Cash flows from investment activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand with deduction of short-term bank debts which are subject to an insignificant risk of changes in value.

Income statement 1 January - 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| Note | Group | | Parent | | |
|------|---|------------------|-------------------|------------------|--------------|
| | 2020 | 2019 | 2020 | 2019 | |
| | 28.168.278 | 25.408 | 22.958.472 | 21.322 | |
| | Gross profit | | | | |
| 1 | Staff costs | -20.343.719 | -20.441 | -16.900.909 | -16.715 |
| 2 | Depreciation, amortisation, and impairment | -1.514.027 | -1.112 | -690.867 | -442 |
| | Operating profit | 6.310.532 | 3.855 | 5.366.696 | 4.165 |
| | Income from equity investments in group enterprises | 0 | 0 | 592.044 | -418 |
| | Other financial income from group enterprises | 0 | 0 | 0 | 1 |
| | Other financial income | 40.203 | 41 | 40.203 | 36 |
| | Other financial costs | -314.997 | -304 | -278.777 | -234 |
| | Pre-tax net profit or loss | 6.035.738 | 3.592 | 5.720.166 | 3.550 |
| 3 | Tax on net profit or loss for the year | -1.467.374 | -952 | -1.151.803 | -910 |
| 4 | Net profit or loss for the year | 4.568.364 | 2.640 | 4.568.363 | 2.640 |

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| Note | Group | | Parent | | |
|---------------------------|--|-------------------|---------------|-------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | |
| Assets | | | | | |
| Non-current assets | | | | | |
| 5 | Goodwill | 260.294 | 781 | 0 | 0 |
| | Total intangible assets | 260.294 | 781 | 0 | 0 |
| 6 | Property | 5.389.797 | 5.496 | 5.389.797 | 5.496 |
| 7 | Other fixtures and fittings, tools and equipment | 3.744.159 | 1.307 | 3.024.498 | 943 |
| 8 | Leasehold improvements | 87.382 | 98 | 0 | 0 |
| | Total property, plant, and equipment | 9.221.338 | 6.901 | 8.414.295 | 6.439 |
| 9 | Equity investments in group enterprises | 0 | 0 | 5.053.658 | 4.462 |
| 10 | Deposits | 295.252 | 295 | 89.800 | 90 |
| | Total investments | 295.252 | 295 | 5.143.458 | 4.552 |
| | Total non-current assets | 9.776.884 | 7.977 | 13.557.753 | 10.991 |
| Current assets | | | | | |
| | Manufactured goods and goods for resale | 16.784.617 | 12.909 | 16.762.771 | 12.889 |
| | Total inventories | 16.784.617 | 12.909 | 16.762.771 | 12.889 |
| | Trade receivables | 36.660.548 | 20.506 | 31.047.060 | 16.829 |
| 11 | Contract work in progress | 1.210.732 | 3.350 | 969.242 | 3.146 |
| | Receivables from group enterprises | 441.171 | 7 | 441.171 | 7 |
| 12 | Deferred tax assets | 532.193 | 709 | 801.950 | 781 |
| | Income tax receivables | 0 | 673 | 0 | 640 |
| | Other receivables | 201.827 | 123 | 170.852 | 108 |
| 13 | Prepayments and accrued income | 296.606 | 219 | 216.251 | 137 |
| | Total receivables | 39.343.077 | 25.587 | 33.646.526 | 21.648 |
| | Cash on hand and demand deposits | 8.208.712 | 2.020 | 8.030.105 | 1.798 |
| | Total current assets | 64.336.406 | 40.516 | 58.439.402 | 36.335 |
| | Total assets | 74.113.290 | 48.493 | 71.997.155 | 47.326 |

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| Note | Group | | Parent | | |
|-------------------------------|--|-------------------|---------------|-------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | |
| Equity and liabilities | | | | | |
| Equity | | | | | |
| 14 | Contributed capital | 1.000.000 | 1.000 | 1.000.000 | 1.000 |
| | Reserve for net revaluation according to the equity method | 0 | 0 | 893.158 | 301 |
| | Retained earnings | 24.827.509 | 23.709 | 23.934.351 | 23.408 |
| | Proposed dividend for the financial year | 3.450.000 | 2.140 | 3.450.000 | 2.140 |
| | Total equity | 29.277.509 | 26.849 | 29.277.509 | 26.849 |
| Provisions | | | | | |
| 15 | Other provisions | 4.890.000 | 4.725 | 4.890.000 | 4.725 |
| | Total provisions | 4.890.000 | 4.725 | 4.890.000 | 4.725 |

Statement of financial position at 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

Equity and liabilities

| Note | Group | | Parent | | |
|--|--|-------------------|---------------|-------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 | |
| Liabilities other than provisions | | | | | |
| | Lease liabilities | 1.487.225 | 0 | 1.256.270 | 0 |
| | Other payables | 0 | 368 | 0 | 340 |
| 16 | Total long term liabilities other than provisions | 1.487.225 | 368 | 1.256.270 | 340 |
| 16 | Current portion of long term payables | 644.557 | 0 | 467.303 | 0 |
| | Bank loans | 45.839 | 6 | 45.702 | 6 |
| 11 | Contract work in progress | 1.576.698 | 245 | 1.334.594 | 245 |
| | Trade payables | 4.107.810 | 4.016 | 2.564.916 | 3.682 |
| | Payables to group enterprises | 24.934.865 | 8.508 | 26.694.669 | 8.661 |
| | Income tax payable | 492.664 | 0 | 492.664 | 0 |
| | Other payables | 6.656.123 | 3.776 | 4.973.528 | 2.818 |
| | Total short term liabilities other than provisions | 38.458.556 | 16.551 | 36.573.376 | 15.412 |
| | Total liabilities other than provisions | 39.945.781 | 16.919 | 37.829.646 | 15.752 |
| | Total equity and liabilities | 74.113.290 | 48.493 | 71.997.155 | 47.326 |

17 Charges and security

18 Contingencies

19 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

| | Contributed capital not paid | Reserve for net revaluation according to the equity method | Retained earnings | Proposed dividend for the financial year | Total |
|---|---|---|------------------------------|---|-------------------|
| Equity 1 January 2020 | 1.000.000 | 0 | 23.710.339 | 2.140.000 | 26.850.339 |
| Correction due to changes in accounting policies | 0 | 0 | -1.193 | 0 | -1.193 |
| Adjusted equity 1 January 2020 | 1.000.000 | 0 | 23.709.146 | 2.140.000 | 26.849.146 |
| Distributed dividend | 0 | 0 | 0 | -2.140.000 | -2.140.000 |
| Share of profit or loss | 0 | 0 | 1.118.363 | 3.450.000 | 4.568.363 |
| | 1.000.000 | 0 | 24.827.509 | 3.450.000 | 29.277.509 |

Statement of changes in equity of the parent

All amounts in DKK.

| | Contributed capital | Reserve for net revalua- tion according to the eq-uity method | Retained earnings | Proposed dividend for the financial year | Total |
|---|--------------------------------|--|------------------------------|---|-------------------|
| Equity 1 January 2020 | 1.000.000 | 302.307 | 23.408.032 | 2.140.000 | 26.850.339 |
| Correction due to changes in accounting policies | 0 | -1.193 | 0 | 0 | -1.193 |
| Adjusted equity 1 January 2020 | 1.000.000 | 301.114 | 23.408.032 | 2.140.000 | 26.849.146 |
| Distributed dividend | 0 | 0 | 0 | -2.140.000 | -2.140.000 |
| Share of profit or loss | 0 | 592.044 | 526.319 | 3.450.000 | 4.568.363 |
| | 1.000.000 | 893.158 | 23.934.351 | 3.450.000 | 29.277.509 |

Statement of cash flows 1 January - 31 December

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Group | |
|--|-------------------|---------------|
| | 2020 | 2019 |
| Net profit or loss for the year | 4.568.364 | 2.640 |
| Adjustments | 3.417.626 | 2.199 |
| Change in working capital | 2.525.556 | -4.967 |
| Cash flows from operating activities before net financials | 10.511.546 | -128 |
| Interest received, etc. | 40.198 | 41 |
| Interest paid, etc. | -314.997 | -304 |
| Cash flows from ordinary activities | 10.236.747 | -391 |
| Income tax paid | -124.903 | -887 |
| Cash flows from operating activities | 10.111.844 | -1.278 |
| Purchase of property, plant, and equipment | -3.312.613 | -723 |
| Sale of property, plant, and equipment | 3.000 | 0 |
| Cash flows from investment activities | -3.309.613 | -723 |
| Long-term payables incurred | 1.487.225 | 368 |
| Sale of treasury shares | 0 | 4.041 |
| Dividend paid | -2.140.000 | -4.279 |
| Cash flows from investment activities | -652.775 | 130 |
| Change in cash and cash equivalents | 6.149.456 | -1.871 |
| Cash and cash equivalents at opening balance | 2.013.417 | 3.885 |
| Cash and cash equivalents at end of period | 8.162.873 | 2.014 |
| Cash and cash equivalents | | |
| Cash on hand and demand deposits | 8.208.712 | 2.020 |
| Short-term bank loans | -45.839 | -6 |
| Cash and cash equivalents at end of period | 8.162.873 | 2.014 |

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Group | | Parent | |
|---|-------------------|---------------|-------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| 1. Staff costs | | | | |
| Salaries and wages | 17.827.270 | 17.952 | 14.711.585 | 14.618 |
| Pension costs | 2.231.222 | 2.182 | 1.967.383 | 1.871 |
| Other costs for social security | 285.227 | 307 | 221.941 | 226 |
| | 20.343.719 | 20.441 | 16.900.909 | 16.715 |
| Average number of employees | 39 | 38 | 32 | 29 |
| According to The Danish Financial Statements Act § 98b, remuneration to the Board of Directors have not been disclosed. | | | | |
| 2. Depreciation, amortisation, and impairment | | | | |
| Amortisation of consolidated goodwill | 520.588 | 521 | 0 | 0 |
| Depreciation of leasehold improvements | 10.907 | 11 | 0 | 0 |
| Depreciation of buildings | 106.514 | 104 | 106.514 | 104 |
| Depreciation of other fixtures and fittings, tools and equipment | 440.766 | 476 | 308.357 | 338 |
| Depreciation of leased assets | 435.252 | 0 | 275.996 | 0 |
| | 1.514.027 | 1.112 | 690.867 | 442 |
| 3. Tax on net profit or loss for the year | | | | |
| Tax on net profit or loss for the year | 1.258.664 | 779 | 1.172.845 | 756 |
| Adjustment of deferred tax for the year | 209.349 | 174 | -20.403 | 155 |
| Adjustment of tax for previous years | -639 | -1 | -639 | -1 |
| | 1.467.374 | 952 | 1.151.803 | 910 |

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Parent | |
|---|------------------|--------------|
| | 2020 | 2019 |
| 4. Proposed appropriation of net profit | | |
| Reserves for net revaluation according to the equity method | 592.044 | -418 |
| Dividend for the financial year | 3.450.000 | 2.140 |
| Transferred to retained earnings | 526.319 | 918 |
| Total allocations and transfers | 4.568.363 | 2.640 |

| | Group | |
|---|-------------------|---------------|
| | 31/12 2020 | 31/12 2019 |
| 5. Goodwill | | |
| Cost opening balance | 2.602.940 | 2.603 |
| Cost end of period | 2.602.940 | 2.603 |
| Amortisation and writedown opening balance | -1.822.058 | -1.301 |
| Amortisation and depreciation for the year | -520.588 | -521 |
| Amortisation and writedown end of period | -2.342.646 | -1.822 |
| Carrying amount, end of period | 260.294 | 781 |

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Group | | Parent | |
|--|-------------------|---------------|-------------------|---------------|
| | 31/12 2020 | 31/12 2019 | 31/12 2020 | 31/12 2019 |
| 6. Property | | | | |
| Cost opening balance | 5.750.096 | 5.675 | 5.750.096 | 5.675 |
| Additions during the year | 0 | 75 | 0 | 75 |
| Cost end of period | 5.750.096 | 5.750 | 5.750.096 | 5.750 |
| Depreciation and writedown opening balance | -253.785 | -150 | -253.785 | -150 |
| Amortisation and depreciation for the year | -106.514 | -104 | -106.514 | -104 |
| Depreciation and writedown end of period | -360.299 | -254 | -360.299 | -254 |
| Carrying amount, end of period | 5.389.797 | 5.496 | 5.389.797 | 5.496 |
| | | | | |
| | Group | | Parent | |
| | 31/12 2020 | 31/12 2019 | 31/12 2020 | 31/12 2019 |
| 7. Other fixtures and fittings, tools and equipment | | | | |
| Cost opening balance | 6.260.677 | 5.613 | 3.687.311 | 3.072 |
| Additions during the year | 3.312.613 | 647 | 2.665.435 | 615 |
| Disposals during the year | -422.684 | 0 | -27.914 | 0 |
| Cost end of period | 9.150.606 | 6.260 | 6.324.832 | 3.687 |
| Amortisation and writedown opening balance | -4.953.113 | -4.477 | -2.743.895 | -2.406 |
| Amortisation and depreciation for the year | -876.018 | -476 | -584.353 | -338 |
| Reversal of depreciation, amortisation and impairment loss, assets disposed of | 422.684 | 0 | 27.914 | 0 |
| Amortisation and writedown end of period | -5.406.447 | -4.953 | -3.300.334 | -2.744 |
| Carrying amount, end of period | 3.744.159 | 1.307 | 3.024.498 | 943 |
| Lease assets are recognised at a carrying amount of | 2.399.906 | 0 | 1.956.004 | 0 |

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Group | |
|---|-------------------|---------------|
| | 31/12 2020 | 31/12 2019 |
| 8. Leasehold improvements | | |
| Cost opening balance | 218.117 | 218 |
| Cost end of period | 218.117 | 218 |
| Depreciation and writedown opening balance | -119.828 | -109 |
| Amortisation and depreciation for the year | -10.907 | -11 |
| Depreciation and writedown end of period | -130.735 | -120 |
| Carrying amount, end of period | 87.382 | 98 |
| | | |
| | Parent | |
| | 31/12 2020 | 31/12 2019 |
| 9. Equity investments in group enterprises | | |
| Cost opening balance | 4.160.500 | 4.161 |
| Cost end of period | 4.160.500 | 4.161 |
| Revaluations, opening balance opening balance | 2.124.365 | 1.985 |
| Net profit or loss for the year before amortisation of goodwill | 1.112.632 | 139 |
| Other movements in capital | -1.193 | -1 |
| Revaluation end of period | 3.235.804 | 2.123 |
| Amortisation of goodwill, opening balance opening balance | -1.822.058 | -1.301 |
| Amortisation of goodwill for the year | -520.588 | -521 |
| Depreciation on goodwill end of period | -2.342.646 | -1.822 |
| Carrying amount, end of period | 5.053.658 | 4.462 |
| | | |
| The item includes goodwill with an amount of | 260.294 | 780.882 |

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 % | 4.793.364 | 1.112.632 |

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Group | | Parent | |
|---|-----------------|--------------|-----------------|--------------|
| | 31/12 2020 | 31/12 2019 | 31/12 2020 | 31/12 2019 |
| 10. Deposits | | | | |
| Cost opening balance | 295.252 | 295 | 89.800 | 90 |
| Cost end of period | 295.252 | 295 | 89.800 | 90 |
| Carrying amount, end of period | 295.252 | 295 | 89.800 | 90 |
| 11. Contract work in progress | | | | |
| Selling price of the production for the period | 8.838.882 | 8.917 | 5.672.685 | 6.714 |
| Payments received on account | -9.204.848 | -5.812 | -6.038.037 | -3.813 |
| Contract work in progress, net | -365.966 | 3.105 | -365.352 | 2.901 |
| The following is recognised: | | | | |
| Contract work in progress (current assets) | 1.210.732 | 3.350 | 969.242 | 3.146 |
| Contract work in progress (short-term liabilities other than provision) | -1.576.698 | -245 | -1.334.594 | -245 |
| | -365.966 | 3.105 | -365.352 | 2.901 |
| 12. Deferred tax assets | | | | |
| Deferred tax assets opening balance | 741.542 | 903 | 781.547 | 936 |
| Deferred tax of the net profit or loss for the year | -209.349 | -194 | 20.403 | -155 |
| | 532.193 | 709 | 801.950 | 781 |

13. Prepayments and accrued income

Prepayments consists of prepayments on costs concerning subsequent financial year.

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

| | Group | | Parent | |
|-------------------------------------|-------------------------|---------------------|-------------------------|---------------------|
| | <u>31/12 2020</u> | <u>31/12 2019</u> | <u>31/12 2020</u> | <u>31/12 2019</u> |
| 14. Contributed capital | | | | |
| Contributed capital opening balance | <u>1.000.000</u> | <u>1.000</u> | <u>1.000.000</u> | <u>1.000</u> |
| | <u>1.000.000</u> | <u>1.000</u> | <u>1.000.000</u> | <u>1.000</u> |

15. Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments.

16. Liabilities other than provision

| | <u>Total payables 31 Dec 2020</u> | <u>Current portion of long term payables</u> | <u>Long term payables 31 Dec 2020</u> | <u>Outstanding payables after 5 years</u> |
|-------------------|---------------------------------------|--|---|---|
| Group | | | | |
| Lease liabilities | <u>2.131.782</u> | <u>644.557</u> | <u>1.487.225</u> | <u>172.276</u> |
| | <u>2.131.782</u> | <u>644.557</u> | <u>1.487.225</u> | <u>172.276</u> |
| Parent | | | | |
| Lease liabilities | <u>1.723.573</u> | <u>467.303</u> | <u>1.256.270</u> | <u>172.276</u> |
| | <u>1.723.573</u> | <u>467.303</u> | <u>1.256.270</u> | <u>172.276</u> |

17. 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 5.389.797.

Notes

Amounts concerning 2020: DKK.

Amounts concerning 2019: DKK thousand.

18. Contingencies

Contingent liabilities

Rental or lease liabilities:

Liabilities under rental or lease agreements until maturity comprise for the parent in total DKK 255.301

Liabilities under rental or lease agreements until maturity comprise for the group in total DKK 482.461.

Securities:

Tryg Garanti has lodged security towards various customers for the parent for DKK 8.450.943.

Tryg Garanti has lodged security towards various customers for the group for DKK 10.090.507.

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.

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.

19. Related parties

Controlling interest

| | |
|--|----------------------|
| Hidrostal Holding AG, Gigering 27, 8213 Neunkirch, Switzerland | Majority shareholder |
|--|----------------------|

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.