



EnviDan a/s

CVR no 18334305, Vejlsøvej 23, 8600 Silkeborg

Annual report for 01 July 2020 - 30 June 2021

The Annual Report was presented and adopted
at the Annual General Meeting of the Company
on 18 November 2021

Michael Flindt Nielsen
Chairman of the General Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EnviDan a/s for the financial year 01 July 2020 - 30 June 2021.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2021 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2020/21.

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

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

Silkeborg, 16 September 2021

Executive Board

Morten Fjerbæk
CEO

Michael Flindt Nielsen
CFO

Board of Directors

Kaspar Ronald Kristiansen
Chairman

Nicklas Skou Guldborg

Joakim Sylvest Helm

Jacob Kragh Andersen
Staff Representative

Camilla Rosenkrantz Schrold
Staff Representative

Independent Auditor's Report

To the Shareholders of EnviDan a/s

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 30 June 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 01 July 2020 - 30 June 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of EnviDan a/s for the financial year 01 July 2020 - 30 June 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

Basis for opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the financial statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management's Responsibilities for the Financial Statements

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

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

Independent Auditor's Report

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or 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 internal control that we identify during our audit.

Hellerup, 16 September 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no 33 77 12 31

Ulrik Ræbild
State Authorised Public Accountant
mne33262

Poul Spencer Poulsen
State Authorised Public Accountant
mne23324

Company Information

The Company: EnviDan a/s - Vejlsøvej 23 - 8600 Silkeborg
CVR No: 18334305
Financial periode: 01 July - 30 June
Municipality of reg. office: 8600 Silkeborg

Board of Directors: Kaspar Ronald Kristiansen, Chairman
Nicklas Skou Guldborg
Joakim Sylvest Helm
Jacob Kragh Andersen
Camilla Rosenkrantz Schrold

Executive Board: Morten Fjerbæk
Michael Flindt Nielsen

Auditors: PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44 - 2900 Hellerup

Financial Highlights

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

DKKm	2020/21	2019/20	2018/19	2017/18	2016/17
Profit/loss					
Revenue	318.6	271.0	284.6	245.9	221.1
Gross profit/loss	99.7	97.5	101.2	90.8	84.8
Operating profit/loss	23.2	26.1	24.9	16.4	17.7
EBITDA	42.6	39.8	39.5	30.5	29.6
Net financials	-1.5	0.7	-1.0	-2.4	-1.1
Net profit/loss for the year	13.1	18.0	15.7	7.5	10.5
Balance sheet					
Balance sheet total	278.2	164.8	162.0	191.2	173.6
Equity	138.7	55.0	44.7	43.3	50.4
Cash flows					
Operating activities	40.3	32.3	49.9	14.3	24.4
Investing activities	-3.2	-2.4	-1.8	-3.0	-22.2
Investing in property, plant and equipment	-1.1	-2.6	-1.8	-4.0	-3.2
Financing activities	-12.8	-6.4	-38.4	-25.0	-10.0
Change in cash and cash equivalents for the year	24.3	23.5	9.7	-13.8	-7.8
Number of employees	245	234	225	217	192
Ratios					
Gross margin	31.3%	36.0%	35.6%	36.9%	38.4%
Return on assets	8.3%	15.9%	15.4%	8.6%	10.2%
Profit margin	7.3%	9.7%	8.7%	6.7%	8.0%
Return of equity	22.4%	53.8%	54.3%	30.1%	31.7%
Solvency ratio	49.9%	33.4%	27.6%	22.6%	29.0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

The Group's main activity consists of technical services specialising in the development, planning, design and implementation of plants in the fields of waste water, drinking water, recipients and energy plants. In addition, the Group provides IT solutions to the industry and performs financial analyses and calculations. The Group is headquartered in Silkeborg and has offices in Denmark, Sweden and Norway.

Development in the year

In 2020/21, the Group generated a profit before tax of DKK 21.7 million compared to a profit of DKK 26.8 million in 2019/20.

Profit before tax is particularly affected by the following:

- The merger with EnviHold A/S was completed and, thus, financial expenses and goodwill amortisation incurred by the former Parent Company were recognised. Comparative figures have not been restated.
- As from 18 December 2020, the private equity fund Waterland became the Group's new principal shareholder. As a consequence, the Financial Statements are particularly affected by managed costs of DKK 2.6 million.

The Group's overall development in the financial year is considered satisfactory. The consulting business has achieved growth in all of the Group's three markets and realised the expected contract revenue growth. EBITDA has been strengthened in all three markets and was realised as expected for the year. Recent years' focus on continuing to strengthen the core business and earnings has been successful.

In addition, the tender activity level has been high, which has resulted in a strong order intake of contracts, consulting assignments and framework agreements strengthening the order book for the coming years. At the end of the year, the order book was good.

COVID-19 also affected EnviDan in 2020/21 resulting in a continued high degree of remote work. The Group's 2020/21 operations have generally not been adversely affected by this and the Group's employees continue to show considerable flexibility by, to a great extent, being able to work from home. The Group's business areas and customers are not significantly affected by such work from home, but the sales work of specific business areas has been affected.

Reference is made to the balance sheet, income statement and notes to the Financial Statements from which the information required to assess the Company's financial position and the results of the operations for the year appears.

According to Management's Review for the financial year 2019/20, revenue was expected to increase by 15% and EBITDA by approximately 10% for the year. Revenue increased by 17.6% and EBITDA, adjusted for special managed costs, was 13.6% higher than in 2019/20. The Group's total results are considered satisfactory.

Management's Review

Targets and expectations for the year ahead

The coming year is anticipated to be affected by organic revenue growth based on a continuously good order book. The Group's updated strategy focuses on both organic growth and acquisitive growth. The next year will, as a consequence, be characterised by acquisitions of other enterprises, the first of which was completed on 1 July 2021 by the acquisition of VA Ingenjörerna Renare Vatten in Sweden. In support of the expected revenue and earnings growth, 2021/22 is also anticipated to be a year of investment in organisation and innovation. Management does not expect COVID-19 to have any negative financial impact on 2021/22.

The activity level is therefore expected to generally develop positively in 2021/22. Organic revenue is expected to increase by approximately 10-15%, and organic EBITDA is expected to decrease by approximately 10% compared to 2020/21.

Research and development

The Group does not conduct research, but participates continuously in development work. Throughout the year, the Group thus maintained its focus on externally funded development projects, but was also heavily focused on self-financed development.

Intellectual capital resources

During the year, the Group continued to develop the competencies of its employees and to invest in modern and advanced IT.

The demand for knowledge resources and innovation is constant and high. The Group works dedicatedly on attracting, retaining and developing employees who have leading-edge knowledge of the Group's key activities.

The Group's growth and earnings to a large extent depend on being able to provide the right resources to projects and on retaining existing resources. Therefore, staff care is a major focal point and its effect is, for example, documented by employee satisfaction surveys carried out at EnviDan every other year.

Statement of corporate social responsibility

Environment and energy efficiency

The Group continuously works on minimising its impact on the external environment, both directly through optimisation of energy and resource consumption in day-to-day operations, and indirectly through the projects carried out by the Group. EnviDan a/s and EnviDan AB are ISO 9001 and ISO 14001-certified and have in this connection set a number of specific environmental targets, which are continually reviewed.

Management's Review

Working environment

EnviDan observes local legislation and focuses on creating a positive and healthy working environment for all employees. Working environment protection is managed by the health and safety teams at each site.

EnviDan continuously strives to reduce absence due to sickness among its employees.

Human rights

At EnviDan, we respect the international conventions on the protection of human rights and corresponding national legislation.

EnviDan's Human Rights and Labour Policy requires the Group's employees to act with integrity and in accordance with acceptable ethical standards for human rights.

Financial crime and compliance

EnviDan has an anti-financial crime policy in place which encourages employees to act on any suspicion of unlawful acts or poor conduct inconsistent with our values. The policy instructs our employees to follow decent and honest business practices, and not to violate any national laws or reasonable standards imposed on us by society.

No irregularities have been reported or detected during the year.

Statement on gender composition

EnviDan believes that employee diversity, including a gender balance, contributes positively to the working environment and strengthens the Group's performance and competitiveness.

Unusual events

The Group's financial position at 30 June 2021 and the results of the Group's activities and cash flows for the financial year 2020/21 have not been affected by any unusual events except for the non-recurring operating expenses mentioned above.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income Statement

DKKk	Note	Group		Parent Company	
		2020/21	2019/20	2020/21	2019/20
Revenue		318,569	270,958	256,162	208,694
Production costs		-218,850	-173,483	-174,678	-132,544
Gross margin		99,719	97,475	81,484	76,150
Distribution costs		-16,072	-15,087	-13,688	-13,374
Administration expenses		-60,426	-56,241	-50,373	-47,125
Operating profit/loss		23,221	26,147	17,423	15,651
Other operating income		0	41	0	41
Profit/loss before financial income		23,221	26,188	17,423	15,692
Income from investments in subsidiaries		-	-	381	5,656
Financial income	1	210	1,565	111	1,479
Financial expenses	2	-1,690	-904	-1,976	-1,181
Profit/loss before tax		21,741	26,849	15,939	21,646
Tax on profit for the year	3	-8,600	-8,899	-2,798	-3,696
Net profit/loss for the year		13,141	17,950	13,141	17,950
<i>Distribution of profit/loss</i>					
Retained earnings				-17,439	2,950
Reserve for development costs				580	0
Ordinary dividend				30,000	15,000
				<u>13,141</u>	<u>17,950</u>

Balance Sheet

DKKk	Note	Group		Parent Company	
		30-06-21	30-06-20	30-06-21	30-06-20
ASSETS					
Goodwill		145,427	67,031	0	0
Development projects in progress		1,457	0	743	0
Intangible assets	4	146,884	67,031	743	0
Leasehold improvements		1,732	1,737	1,244	1,154
Other fixtures and fittings, tools and equipment		1,569	2,719	1,440	2,471
Property, plant and equipment	5	3,301	4,456	2,684	3,625
Investments in subsidiaries		0	0	169,761	86,692
Deposits		2,938	2,325	2,560	2,031
Fixed asset investments	6	2,938	2,325	172,321	88,723
Fixed assets		153,123	73,812	175,748	92,348
Trade receivables		49,996	38,213	39,284	31,593
Contract work in progress	7	16,946	11,377	14,221	10,445
Receivables from Group ent.		0	9,707	3,999	9,707
Other receivables	8	316	363	0	270
Prepayments	8	5,606	3,436	4,749	2,861
Corporation tax		0	0	277	0
Receivables		72,864	63,096	62,530	54,876
Cash at bank and in hand		52,245	27,847	30,595	8,361
Current assets		125,109	90,943	93,125	63,237
Assets		278,232	164,755	268,873	155,585

Balance Sheet

DKKk	Note	Group		Parent Company	
		30-06-21	30-06-20	30-06-21	30-06-20
LIABILITIES AND EQUITY					
Share capital		1,010	1,010	1,010	1,010
Reserve for development costs		0	0	580	0
Retained earnings		107,696	39,025	107,116	39,025
Dividend		30,000	15,000	30,000	15,000
Equity		138,706	55,035	138,706	55,035
Provision for deferred tax	3	17,618	13,845	13,319	10,539
Other provisions		0	680	0	680
Provisions		17,618	14,525	13,319	11,219
Credit institutions		22,065	18,230	22,065	18,230
Other payables	10	14,224	12,329	14,224	12,329
Long-term debt	9	36,289	30,559	36,289	30,559
Credit institutions	9	0	169	0	169
Prepayments received from customers	7	25,800	5,977	25,017	4,892
Trade payables		14,956	12,924	13,293	11,795
Payables to Group enterprises		0	0	13,110	10,130
Corporation tax		4,620	10,376	0	4,795
Other payables	10	32,864	28,920	22,389	21,274
Deferred income	10	7,379	6,270	6,750	5,717
Short-term debt		85,619	64,636	80,559	58,772
Debt		121,908	95,195	116,848	89,331
Liabilities and equity		278,232	164,755	268,873	155,585
Contingent assets, liabilities and other financial obligations	11				
Related parties	12				
Staff	13				

Statement of Changes in Equity

DKKk	Share capital	Retained earnings	Dividend	Total
Group				
Equity 1. juli 2019	1,010	37,708	6,000	44,718
Ordinary dividend	0	0	-6,000	-6,000
Net profit/loss for the year	0	2,950	15,000	17,950
Exchange adjustment, subsidiaries	0	-1,633	0	-1,633
Equity 01 July 2020	1,010	39,025	15,000	55,035
Extraordinary dividend	0	-5,000	0	-5,000
Net profit/loss for the year	0	-16,859	30,000	13,141
Cash capital increase	0	24,547	0	24,547
Merge with EnviHold A/S	0	64,959	-15,000	49,959
Exchange adjustment, subsidiaries	0	1,024	0	1,024
Equity 30 June 2021	1,010	107,696	30,000	138,706

DKKk	Share capital	Reserve for net revaluation under the equity method	Reserve for development costs	Retained earnings	Dividend	Total
Parent Company						
Equity 1. juli 2019	1,010	0	0	37,708	6,000	44,718
Ordinary dividend	0	0	0	0	-6,000	-6,000
Net profit/loss for the year	0	0	0	2,950	15,000	17,950
Exchange adjustment, subsidiary	0	0	0	-1,633	0	-1,633
Equity 01 July 2020	1,010	0	0	39,025	15,000	55,035
Extraordinary dividend	0	0	0	-5,000	0	-5,000
Net profit/loss for the year	0	0	580	-17,439	30,000	13,141
Cash capital increase	0	0	0	24,547	0	24,547
Merge with EnviHold A/S	0	0	0	64,959	-15,000	49,959
Exchange adjustment, subsidiary	0	0	0	1,024	0	1,024
Equity 30 June 2021	1,010	0	580	107,116	30,000	138,706

Cash Flow Statement

DKKK	Group	
	2020/21	2019/20
Net profit/loss for the year before tax	21,741	26,849
Adjustment, depreciation	19,432	13,581
Non-realised exchange regulation	674	-1,631
Change in receivables	-19,475	7,222
Change in short-term debt	26,876	-16,012
Change in long-term debt	1,895	12,329
Change in other provisions	-680	-186
Corporation tax paid	-10,174	-9,843
Cash flow from operating activities	40,289	32,309
Purchase of intangible assets etc.	-1,457	0
Purchase of tangible assets	-1,103	-2,553
Sale of tangible assets	0	205
Purchase of fixed asset investments	-593	-352
Sale of fixed asset investments	0	260
Cash flow from investing activities	-3,153	-2,440
Change in loans from credit institutions	-32,334	-407
Cash capital increase	24,547	0
Dividend paid	-5,000	-6,000
Cash flow from financing activities	-12,787	-6,407
Change in cash and cash equivalents	24,349	23,462
Cash and cash equivalents at 01 July 2020	27,847	4,385
Cash from merge with EnviHold A/S	49	0
Cash and cash equivalents at 30 June 2021	52,245	27,847
<i>Cash and cash equivalents are specified as follows:</i>		
Cash at bank and in hand	52,245	27,847
Cash and cash equivalents at 30 June 2021	52,245	27,847

Notes to the Financial Statements

DKKk	Group		Parent Company	
	2020/21	2019/20	2020/21	2019/20
1. Financial income				
Interest received from Group enterprises	0	31	0	0
Other financial income	210	1,534	111	1,479
	<u>210</u>	<u>1,565</u>	<u>111</u>	<u>1,479</u>
2. Financial expenses				
Interest paid to Group enterprises	0	0	327	333
Other financial expenses	1,690	904	1,649	848
	<u>1,690</u>	<u>904</u>	<u>1,976</u>	<u>1,181</u>
3. Tax on profit/loss for the year				
Current tax for the year	4,935	9,301	0	4,795
Deferred tax for the year	3,665	-402	2,798	-1,099
	<u>8,600</u>	<u>8,899</u>	<u>2,798</u>	<u>3,696</u>
Provision for deferred tax at 01 July 2020	13,845	14,228	10,539	11,638
Exchange adjustment	126	19	-	-
Merge with EnviHold A/S	-18	0	-18	0
Amount recognised in the income statement for the year	<u>3,665</u>	<u>-402</u>	<u>2,798</u>	<u>-1,099</u>
Provision for deferred tax at 30 June 2021	17,618	13,845	13,319	10,539

Notes to the Financial Statements

4. Intangible assets

DKKk	Group		Parent Company	
	Development projects in progress	Goodwill	Development projects in progress	Goodwill
Cost at 01 July 2020	0	111,154	0	1,500
Exchange adjustments	0	619	0	0
Additions from merger	0	123,815	0	0
Additions for the year	1,457	0	743	0
Cost at 30 June 2021	1,457	235,588	743	1,500
Amortization 01 July 2020	0	44,123	0	1,500
Exchange adjustments	0	207	0	0
Additions from merger	0	28,701	0	0
Amortization for the year	0	17,130	0	0
Amortization 30 June 2021	0	90,161	0	1,500
Carrying amount at 30 June 2021	1,457	145,427	743	0
Amortization, production costs		17,130		0

5. Property, plant and equipment

DKKk	Group		Parent Company	
	Leasehold improvements	Other fixtures and fittings, tools and equipment	Leasehold improvements	Other fixtures and fittings, tools and equipment
Cost at 01 July 2020	4,827	14,012	4,126	13,219
Exchange adjustments	44	41	0	0
Additions for the year	684	419	619	371
Cost at 30 June 2021	5,555	14,472	4,745	13,590
Depreciation 01 July 2020	3,090	11,293	2,972	10,748
Exchange adjustments	11	30	0	0
Depreciation for the year	722	1,580	529	1,402
Depreciation 30 June 2021	3,823	12,903	3,501	12,150
Carrying amount at 30 June 2021	1,732	1,569	1,244	1,440
Depreciation, administration expenses	722	1,580	529	1,402

Notes to the Financial Statements

6. Fixed asset investments

DKKk Group	Deposits
Cost at 01 July 2020	2,325
Exchange adjustments	20
Additions for the year	593
Cost at 30 June 2021	<u>2,938</u>
Carrying amount at 30 June 2021	2,938

Parent Company	Investments in subsidiaries	Deposits
Cost at 01 July 2020	108,059	2,031
Additions from merger	123,815	0
Additions for the year	0	529
Cost at 30 June 2021	<u>231,874</u>	<u>2,560</u>
Value adjustments at 01 July 2020	-21,367	0
Additions from merger	-28,701	0
Net profit/loss for the year	15,755	0
Dividend to the Parent Company	-13,450	0
Amortisation of goodwill	-15,374	0
Other adjustments	1,024	0
Value adjustments at 30 June 2021	<u>-62,113</u>	<u>0</u>
Carrying amount at 30 June 2021	<u>169,761</u>	<u>2,560</u>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Vote and ownership
EnviDan AB	Helsingborg, Sweden	SEK 5.000k	100%
EnviDan AS	Oslo, Norway	NOK 30k	100%
VA Ingenjörerna Renare			
Vatten RV AB	Solna, Sweden	SEK 37k	100%

Notes to the Financial Statements

DKKk	Group		Parent Company	
	30-06-21	30-06-20	30-06-21	30-06-20
7. Contract work in progress				
Selling price of work in progress	239,624	158,186	206,699	127,412
Payments received on account	-248,478	-152,786	-217,495	-121,859
	-8,854	5,400	-10,796	5,553
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	16,946	11,377	14,221	10,445
Prepayment received recognised in debt	-25,800	-5,977	-25,017	-4,892
	-8,854	5,400	-10,796	5,553

8. Other receivables and prepayments

Other receivables consist of receivables which are due for payment within 12 month from the year end.

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

Notes to the Financial Statements

	Group		Parent Company	
	30-06-21	30-06-20	30-06-21	30-06-20
DKKk				
9. Long-term debt				
Credit institutions	22,065	18,399	22,065	18,399
Other payables	14,224	12,329	14,224	12,329
	36,289	30,728	36,289	30,728
Due for payment within 1 year	0	-169	0	-169
Long-term debt	36,289	30,559	36,289	30,559
Due for payment after 5 years	22,065	0	22,065	0

10. Other debt and deferred income

Other debt consists of debt which is due for payment within 12 month from year end.

Deferred income consists of received income for recognition in subsequent financial years.

11. Contingent assets, liabilities and other financial obligations

	Group		Parent Company	
	30-06-21	30-06-20	30-06-21	30-06-20
DKKk				
Rental and lease obligations				
Within 1 year	10,560	9,240	9,037	7,900
Total remaining obligations	32,666	32,128	29,696	28,708
Due for payment after 5 years	8,065	10,023	8,065	10,023

Notes to the Financial Statements

11. Contingent assets, liabilities and other financial obligations - continued

Charges and security

	Group		Parent Company	
	30-06-21	30-06-20	30-06-21	30-06-20
DKKk				
The following assets have been issued as security for an ongoing project:				
Deposit account	0	34	0	34
The following assets have been issued as security with bankers:				
A floating charge of DKK 2.000k. The floating charge includes tangible fixed assets with a carrying amount of	2,684	3,625	2,684	3,625

All shares in EnviDan A/S, EnviDan AS, EnviDan AB and VA Ingenjörerna Renare Vatten RV AB have been pledged with first ranking priority to Jyske Bank, Denmark.

Contract obligations

The Company has entered into consortia with several partners with joint and several liability. The consortia have provided a guarantee for part of the contract amount.

Guarantee obligations

The Group has issued work guarantees to third parties at a total of DKK 40.345k and issued payment guarantees to third parties as security for leasehold rent of DKK 961k.

Other contingent liabilities

The Danish Group companies are jointly and severally liable for tax on the jointly taxed income etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of StandbyCo VIII ApS, which is the management Company of the joint taxation purposes. Moreover, the Danish Group Companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

The Parent Company is party to a single dispute on a specific customer project. It is the view of Management that the outcome of this legal action will have no significant impact on the Company's financial position beyond what has been recognised and stated in the Financial Statements.

Notes to the Financial Statements

12. Related parties

Controlling interest:

StandbyCo IX ApS, Vejlsøvej 23, 8600 Silkeborg, Parent Company

StandbyCo VIII ApS, Vejlsøvej 23, 8600 Silkeborg, Ultimate Parent Company

Transactions:

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act. Transactions between EnviDan a/s and related parties are on arm's length terms.

	Group		Parent Company	
	30-06-21	30-06-20	30-06-21	30-06-20
DKKk				
13. Staff				
Average number of employees	245	234	197	192
Wages and salaries	168,104	157,633	144,288	137,554
Pensions	3,581	3,035	1,602	1,541
Other social security expenses	7,519	5,717	1,549	1,204
	179,204	166,385	147,439	140,299
Including remuneration to the Executive Board	3,691	3,254	3,691	3,254
Including remuneration to the Board of Directors	200	362	362	362

Accounting Policies

The Annual Report of EnviDan a/s has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

In accordance with section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared for the Parent Company.

The accounting policies have been changed on the following:

- Capitalizations of development cost has been implemented from 1 July, 2020.

EnviDan A/S was merged with EnviHold A/S during the financial year. The book value method was used, and comparative figures have not been restated.

The Consolidated Financial Statements and the Parent Company Financial Statements are presented in DKK thousands.

Recognition and measurement

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

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

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

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

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the Annual Report which confirm or invalidate affairs and conditions existing at the balance sheet date.

Basis of consolidation

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

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

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

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). This includes allowing for any restructuring provisions determined in relation to the enterprise acquired. Any remaining positive

Accounting Policies

differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straight-line basis over its estimated useful life which does not exceed 20 years. Any remaining negative differences are recognised in deferred income in the balance sheet as negative goodwill. Amounts attributable to expected losses or expenses are recognised as income in the income statement as the affairs and conditions to which the amounts relate materialise.

Negative goodwill not related to expected losses or expenses is recognised at an amount equal to the fair value of non-monetary assets in the income statement over the average useful life of the non-monetary assets.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related.

Amortisation of goodwill is recognised in “Amortisation, depreciation and impairment losses”.

Minority interests

On determination of consolidated equity and results, the share of subsidiaries' equity and results attributable to minority interests is stated as separate items in the income statement and balance sheet. Minority interests are recognised based on the revaluation at fair value of acquired assets and liabilities at the time of acquisition of subsidiaries.

In case of subsequent changes in minority interests, the changed share is recognised in profit/loss from the time of the change.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the

balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an approximate value as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

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

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange rate differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are measured at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at dates when the receivables or the payables arise are recognised in financial income and expenses in the income statement.

INCOME STATEMENT

Revenue

Revenue is recognised in the income statement where delivery and transfer of risk have been made to the buyer by year end.

Revenue is recognised exclusive of VAT and net of discounts relating to sales.

Accounting Policies

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Production costs

Production costs comprise costs incurred to achieve revenue for the year. Cost comprises costs incurred to achieve revenue, direct labour costs and indirect production costs such as depreciation.

Distribution costs

Distribution costs comprise expenses in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles and depreciation.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the core activities of the Company.

Profit/loss from investments in associates and Group enterprises

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit/loss for the year less goodwill amortisation.

Financial income and expenses

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

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for the year is

recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity. The tax recognised in the income statement is classified as tax on ordinary activities and tax on extraordinary items, respectively.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with other Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses). The jointly taxed companies are included in the on-account taxation scheme.

BALANCE SHEET

Intangible assets

Acquired goodwill is measured at cost less accumulated amortisation.

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience with the individual business areas or entities. Useful life is determined based on an assessment of the extent to which the enterprises are acquired for strategic purposes and have a significant market position and long-term earnings profile, and the extent to which the amount of goodwill includes fixed-term intangible resources which cannot be recognised as separate assets. Useful life is reassessed annually. The amortisation periods constitute 10-20 years.

Costs incurred on development projects comprise salaries, amortisation and other costs which are directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the Group can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the

Accounting Policies

value in use of future earnings can cover production costs, selling costs and administrative expenses as well as the development costs.

Development projects that do not qualify for recognition in the balance sheet are recognised as costs in the income statement as incurred.

Capitalised development costs are measured at the lower of cost less accumulated amortisation and impairment loss and the recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item "Reserve for development costs". The reserve comprises only development costs recognised in financial years beginning on or after 1 July 2020. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

Capitalised development costs are amortised as from the date of completion on a straight-line basis over the period during which development work is expected to generate economic benefits.

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use. In the case of assets of own construction, cost comprises direct and indirect expenses for labour, materials, components and sub-suppliers.

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

Computer hardware	1-3 years
Fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	3 years

Assets costing less than DKK 50,000 are expensed in the year of acquisition.

In connection with the acquisition of IT - software and hardware - the Company makes an assessment of whether such acquisition should be

charged to the income statement or capitalised and depreciated over three years. The above-mentioned limit of DKK 50,000 is typically used in the assessment just as economic and technical lives are always taken into account.

Impairment of fixed assets

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

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

Investments in subsidiaries and associates

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

The items "Investments in group enterprises" and "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the date of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition or deduction of any remaining value of positive or negative differences (goodwill or negative goodwill). Goodwill is amortised over a maximum of 20 years.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in subsidiaries and associates.

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

Receivables

Receivables are recognised in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less

Accounting Policies

provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

Contract work in progress

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

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

Prepayments and payments received on account are deducted from the selling price. The individual contracts are classified as receivables when the net value is positive and as liabilities when the net value is negative.

Current expenses relating to sales activities, including project understanding/conclusion of contracts, are recorded on an ongoing basis and are usually charged to the income statement as incurred. Any calculation fees are recognised as income as the work is carried out, as are other contracts in progress.

When a contract/tender is won, a concrete assessment is made as to whether the expenses should be included in the total statement of time spent, and thus the recognition of profit, since time spent is considered part of the preliminary project work.

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted selling price.

Prepayments, assets

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

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Deferred tax assets and liabilities

Deferred tax is measured under the balance-sheet liability method on the basis of temporary differences between the carrying amount and the tax base of assets and liabilities measured on the basis of the intended use of the asset and settlement of the liability, respectively.

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

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

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial debts

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

CASH FLOW STATEMENT

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

Accounting Policies

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise “Cash at bank and in hand” and “Debt to banks”.

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

FINANCIAL HIGHLIGHTS

The financial ratios stated in the selected financial highlights have been calculated as follows:

Gross margin: Gross profit as a percentage of revenue

Profit margin: Profit/loss before financials as a percentage of revenue

Return on capital employed: Profit/loss before financials as a percentage of total assets

Solvency ratio: Equity as a percentage of total assets at end of the year

Return on equity: Profit or loss on ordinary activities before tax as a percentage of average equity

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Morten Fjerbæk

Adm. direktør

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Poul Spencer Poulsen

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Michael Flindt Nielsen

Dirigent

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