Dedert International A/S

Borupvang 3
2750 Ballerup

CVR no. 18 63 17 76

Annual report 2020

The annual report was presented and approved at the Company's annual general meeting

On 26 May 2021

Torben von Lowzow
chairman of the annual general meeting

Contents

Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of Dedert International A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Ballerup, 6 May 2021
Executive Board:

Guy R. Lonergan

Board of Directors:

Torben von Lowzow Chairman	Kenneth Ajslev	Thomas W. Dedert

Guy R. Lonergan

Independent auditor's report

To the shareholders of Dedert International A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Dedert International A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations 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 (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company 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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and the parent company 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 that Management determines is necessary to enable the preparation of consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company financial statements.

Independent auditor's report

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

- identify and assess the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis 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 consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Company to cease to continue as a going concern

- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

Independent auditor's report

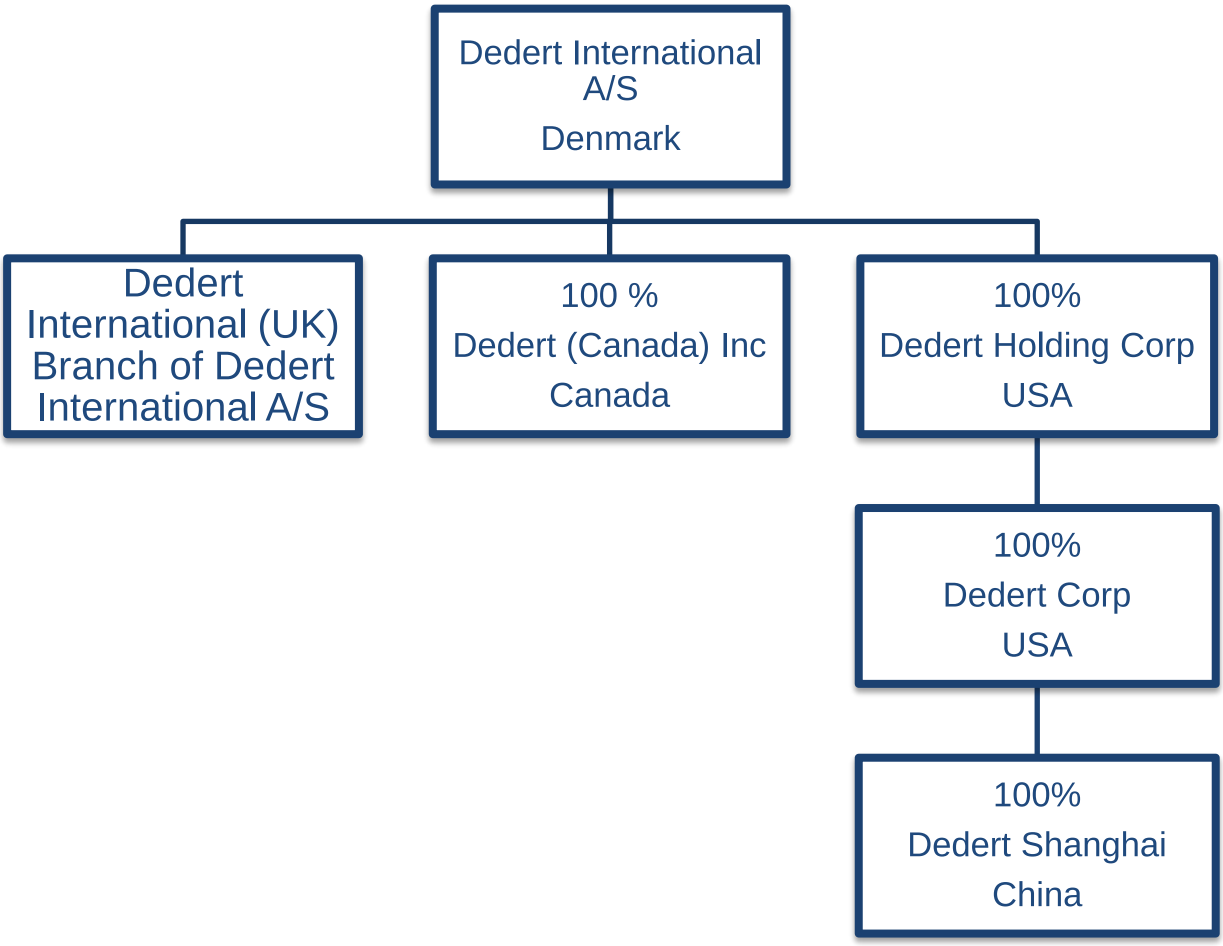
Based on the work we have performed, we conclude that the Management's review is in accordance with the consolidated financial statements and the parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any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

Copenhagen, 6 May 2021
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Martin Eiler
State Authorised
Public Accountant
mne32271

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2020	2019	2018	2017	2016
Revenue	353,419	437,780	334,996	320,364	199,049
Gross profit	81,057	102,412	65,486	79,535	44,411
EBITDA	10,201	26,287	4,720	18,402	-5,911
Profit/loss from financial income and expenses	-2,550	-3,205	-3,656	-1,957	-2,197
Profit/loss for the year	-2,919	4,403	-6,340	-3,580	-16,937
Total assets	225,908	337,123	255,599	232,434	227,510
Equity	25,092	41,286	36,248	43,022	50,878
Return on equity	Neg.	10.7%	Neg.	Neg.	Neg.
Solvency ratio	11.11%	12.2%	14.2%	18.7%	21.4%
Average number of full-time employees	84	83	78	68	55

The financial ratios have been calculated as follows:

Return on equity $\frac{\text{Profit from ordinary activities after tax x 100}}{\text{Average equity}}$

Solvency ratio $\frac{\text{Equity ex. non-controlling interests at year end x 100}}{\text{Total equity and liabilities at year end}}$

Management's review

Operating review

Principal activities

The company's main activities are design and sales of drying and evaporation equipment and systems to customers world wide.

Development in activities and financial position

Net result for the year amounted to a loss of DKK 2,919 thousand (2019: DKK 4,403 thousand).

Dedert's operational results for 2020 were affected by the Covid 19 pandemic which reduced the turnover compared to the expectations and reversed the previous years continued growth. The management decided to continue the strengthening and build-up of the organisation, which resulted in a small loss for the year. The result was also affected by the weakening USD towards the EUR.

The marked conditions normalised during the middle of 2020 and the group companies have enjoyed strong order intake since after the summer 2020.

The Equity amounted to DKK 25,092 thousand as at 31 December 2020 (31 December 2019: DKK 41,286 thousand).

Uncertainty regarding measurement of deferred tax assets

The Group's deferred tax assets amounts to DKK 28,270 thousand whereof DKK 21,536 thousand has been capitalized as at 31 December 2020 as full utilization within 3-5 years is considered linked with uncertainty. The measurement of deferred tax assets is based on different assumptions, including the Danish joint taxation, development in revenue and profit. These assumptions are linked with uncertainty and a different outcome than expected could lead to a change (increase as well as decrease) in the valuation which could be significant.

Outlook

The management expects a positive result for 2021.

Financial instruments

The Company's risk exposure

The Group's primary currencies are USD, EUR and DKK with some risk exposure towards the USD/DKK exchange rate.

Intellectual capital

It is the Company's goal to maintain and consolidate the position as one of the leading suppliers of drying and evaporation equipment in niche markets, in particular food and food related products and to a lesser extend chemical products..

Management's review

Operating review

Research and development activities

Dedert group companies have an ongoing development programme, which secures that the Group can offer attractive drying and evaporation solutions.

Corporate social responsibility

In accordance with §99 a of the Danish Financial Statements Act the Company's ultimate parent company Ordyhna Holding A/S has strategies and policies regarding corporate social responsibility for the Group, including impacts on climate, environment, human rights, anti-corruption and social and staff matters which Dedert International A/S continuously works with.

More information about Corporate Social Responsibility is described in Ordyhna Holdings Group (CVR no 27616127) annual report 2020 at www.cvr.dk.

Gender equality in Management and the Board of Directors

In accordance with §99 b of the Danish Financial Statements Act the Company's ultimate parent company Ordyhna Holding A/S has strategies and policies regarding gender equality.

More information about Gender equality is described in Ordyhna Holdings Group (CVR no. 27616127) annual report 2020 at cvr.dk.

Events after the balance sheet date

No events have occurred after the balance sheet date that could significantly affect the Group's financial position including the still ongoing Covid-19 pandemic.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Income statement

DKK'000	Note	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
Revenue		353,419	437,780	81,453	80,277
Other operating income		8,594	0	5,145	10,014
Raw materials, consumables and goods for resale		-249,604	-296,408	-64,890	-63,090
Other external costs		-31,352	-38,960	-17,627	-17,270
Gross profit		81,057	102,412	4,081	9,931
Staff costs	2	-70,856	-76,125	-11,231	-8,813
Depreciation on property, plant and equipment		-3,286	-3,242	-128	-8
Amortisation of intangible assets		-10,027	-10,254	-5	-126
Operating profit/loss		-3,112	12,791	-7,283	984
Profit/loss in subsidiaries after tax		0	0	1,105	2,448
Financial income	3	1,801	799	5,623	5,620
Financial expenses	4	-4,351	-4,004	-3,194	-3,571
Profit/loss before tax		-5,662	9,586	-3,749	5,481
Tax on profit/loss for the year	5	2,743	-5,183	830	-1,078
Profit/loss for the year	6	-2,919	4,403	-2,919	4,403

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2020	2019	2020	2019
ASSETS					
Fixed assets					
Intangible assets	7				
Patents and licences		221	601	0	5
Goodwill		44,956	59,458	0	0
Intangible assets under construction		3,685	2,612	3,685	2,612
		48,862	62,671	3,685	2,617
Property, plant and equipment	8				
Plant and machinery		865	931	0	0
Fixtures and fittings, tools and equipment		9,619	11,903	85	140
Leasehold improvements		5,615	7,023	0	0
Assets under construction		2,524	1,927	0	0
		18,623	21,784	85	140
Investments					
Investments in subsidiaries	9	0	0	9,071	7,161
Receivables from subsidiaries		0	0	97,517	120,861
Other investments		3,711	3,926	0	0
Non-current receivables		2,232	214	0	214
		5,943	4,140	106,588	128,236
Total fixed assets		73,428	88,595	110,358	130,993
Current assets					
Inventories					
Finished goods and goods for resale		8,615	11,378	0	0
		8,615	11,378	0	0
Receivables					
Trade receivables		44,866	118,114	14,236	29,379
Contract work in progress	10	33,928	46,316	5,259	12,887
Receivables from group entities		15	0	4,887	6,192
Intercompany cashpool		24,903	24,681	21,741	4,476
Other receivables		4,460	1,597	2,114	1,031
Corporation tax		383	629	0	0
Deferred tax assets	11	21,531	17,735	3,846	2,855
Prepaid costs	12	1,589	2,466	540	208
Deposited cash and cash equivalents		0	0	0	0
		131,675	211,538	52,623	57,028
Cash at bank and in hand		12,190	25,612	472	710
Total current assets		152,480	248,528	53,095	57,738
TOTAL ASSETS		225,908	337,123	163,453	188,731

Consolidated financial statements and parent company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK'000	Note	2020	2019	2020	2019
EQUITY AND LIABILITIES					
Equity					
Contributed capital	13	33,200	33,200	33,200	33,200
Retained earnings		-8,108	8,086	-8,108	8,086
Total equity		25,092	41,286	25,092	41,286
Provisions					
Other provisions	14	25,383	20,592	1,218	187
Total provisions		25,383	20,592	1,218	187
Liabilities other than provisions					
Non-current liabilities other than provisions					
Payables to group entities	15	93,287	102,809	93,287	102,809
		93,287	102,809	93,287	102,809
Current liabilities other than provisions					
Current portion of non-current liabilities		2,799	0	2,799	0
Progress billings/work in progress	10	29,620	74,470	15,552	15,959
Trade payables		37,085	70,673	18,542	18,376
Corporation tax		186	1,200	186	793
Deferred tax	16	0	26	0	26
Payables to group entities		433	575	4,842	7,483
Deferred income		3,630	2,341	317	452
Other payables		8,393	23,151	1,618	1,360
		82,146	172,436	43,856	44,449
Total liabilities other than provisions		175,433	275,245	138,361	147,258
TOTAL EQUITY AND LIABILITIES		225,908	337,123	163,453	188,731

Contractual obligations, contingencies, etc.	17
Related parties	18

Consolidated financial statements and parent company financial statements 1 January – 31 December

Statement of changes in equity

	Group			
DKK'000	Contributed capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2020	33,200	86	8,000	41,286
Distributed dividends	0	0	-8,000	-8,000
Transferred over the distribution of loss	0	-2,919	0	-2,919
Exchange rate adjustment, foreign operation	0	-299	0	-299
Actuarial gains and losses on pension obligations	0	-4,976	0	-4,976
Equity at 31 December 2020	33,200	-8,108	0	25,092

	Parent Company			
DKK'000	Contributed capital	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2020	33,200	86	8,000	41,286
Distributed dividends	0	0	-8,000	-8,000
Transferred over the distribution of loss	0	-2,919	0	-2,919
Exchange rate adjustment, foreign subsidiary	0	-299	0	-299
Actuarial gains and losses on pension obligations	0	-4,976	0	-4,976
Equity at 31 December 2020	33,200	-8,108	0	25,092

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Dedert International A/S for 2020 has been present in accordance with the provisions applying to reporting class C large-sized entities under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Dedert International A/S, and subsidiaries in which Dedert International A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates. A group chart is included on page 6.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends and realised and unrealised gains and losses on intra-group transactions are eliminated.

Equity investments in subsidiaries are set off against the proportionate share of subsidiaries' fair value of net assets and liabilities at the date of acquisition.

Fee to auditors note

Pursuant to section 96(3) of the Danish Financial Statements Act, the financial statements do not include a note regarding fee to auditors, as it is included in the consolidated financial statements of Ordyhna Holding A/S.

Cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, the financial statements do not include a cash flow statement, as it is included in the consolidated financial statements of Ordyhna Holding A/S.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

Income statement

Revenue

Income from the sale of goods for resale, finished goods and contract work in progress, which cannot be recognised after the production method, is recognised in revenue when transfer of the most significant rewards and risks to the buyer has taken place and provided that the income can be reliably measured and payment is expected to be received. The revenue is recognised excluding VAT and taxes charged on behalf of third parties.

Contract work in progress is recognised in the revenue, based on the percentage of completion. Revenue is recognised, when the total income and expenses on construction contracts and the percentage of completion on the balance sheet date can be recognised reliably and it is plausible that payments accrue to the Group.

Other operating income

Other operating income comprises items secondary to the activities of the Group, including gains on the disposal of intangible assets and property, plant and equipment.

Raw materials, consumables and goods for resale

Raw materials, consumables and goods for resale comprise costs incurred in generating the revenue for the year. Such costs include direct and indirect costs for raw materials and consumables and rent and leases.

The item also comprises research and development costs that do not qualify for capitalisation and amortisation of capitalised development costs.

Also, provision for losses on construction contracts is included.

Other external costs

Other external costs comprise costs for distribution, sale, advertising, administration, premises, bad debt losses, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Group's employees, excluding reimbursements from public authorities.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Income from equity investments in subsidiaries

The proportionate share of the individual subsidiaries' profit/loss after tax is recognised in the Group's and the Parent Company's income statements after elimination of a proportionate share of intra-group gains/losses and amortisation of goodwill.

Financial income and expenses

Financial income and expenses comprise interest income and expense, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Commission paid in connection with bank guarantees provided in relation to contract work in progress is recognised under financial expenses.

Interest expense and other borrowing costs to finance intangible assets and property, plant and equipment which relate to the production period are recognised in cost of the assets.

Tax on profit/loss for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

The Parent Company is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

Balance sheet

Intangible assets

Patents, licences and trademarks

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding five years.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Goodwill

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The maximum amortisation period is between 5 and 25 years and longest for strategically acquired entities with a strong market position and long-term earnings profile.

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Property, plant and equipment

Property, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, subsuppliers, and wages and salaries. The cost of financial leased assets is the lowest fair value of the asset and the present value of the future leases. Financial leased assets are handled like the Group's other property, plant and equipment.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Plant and machinery	4-10 years
Fixtures and fittings, tools and equipment	2-10 years
Leasehold improvements	10-20 years

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

Leases

On initial recognition, leases for fixed assets that transfer substantially all risks and rewards incident to ownership to the Company (finance leases) are recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. When the net present value is calculated, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the Company's other fixed assets.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contractual obligations and contingencies, etc.

Equity investments in subsidiaries

Equity investments in subsidiaries in the Parent Company are measured according to the equity method.

Equity investments in subsidiaries are measured at the proportionate share of the entities' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Equity investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such entities are written down if the amount owed is irrecoverable. If the subsidiaries have a deficit that exceeds the amount owed, the remaining amount is recognised under provisions if the Parent Company has a legal or constructive obligation to cover the obligations of the subsidiary.

Net revaluation of equity investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method and in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Dedert International A/S are not recognised in the reserve for net revaluation.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities and associates is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised write-downs are reversed when the basis for the write-down no longer exists. Write-down of goodwill is not reversed.

Inventories

Inventories are measured at cost in accordance with the weighted-average cost method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Finished goods and work in progress are measured at cost, comprising the cost of raw materials, consumables, direct wages and salaries as well as indirect production costs. Indirect production overheads comprise indirect materials and wages and salaries as well as the maintenance of depreciation of production machinery, buildings and equipment as well as factory administration and management. Borrowing costs are not included in cost.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a portfolio of receivables has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Construction contracts

Construction contracts are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

When the selling price of a construction contract cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual construction contract is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of construction contracts where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of construction contracts where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Securities and equity investments

Other securities and equity investments included in investments comprise unlisted shares that Management considers investment securities. The equity investments are measured at cost.

Other securities and equity investments recognised as current assets comprise listed securities measured at fair value at the balance sheet date, corresponding to market value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less that are easily convertible into cash and that are subject to only an insignificant risk of changes in value.

Equity

Dividends

The expected dividend payment for the year is disclosed as a separate item under equity.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit/loss or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Provisions

Pension obligations

Pension obligations are the net liabilities of defined benefit obligations and plan assets. The defined benefit obligations are measured at the present value of expected future payments to be made in respect of services provided by employees up to the balance sheet date. Plan assets are measured at fair value. Actuarial gains and losses are recognised in other comprehensive income.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Warranties and projects

Provisions comprise anticipated costs related to warranties, losses on work in progress, restructurings, etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation, and it is probable that there may be outflow of resources embodying economic benefits to settle the obligation.

Provisions are measured at net realisable value or fair value if the obligation is expected to be settled in the distant future.

Warranties comprise obligations to make good any defects within the warranty period. Provisions are measured at net realisable value and recognised based on past experience.

If it is likely that total costs will exceed total income from contract work in progress, a provision is made for the total loss anticipated on the contract. The provided amount is recognised in production costs.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Finance lease obligation comprise the capitalised residual lease obligation of finance leases.

Other liabilities are measured at net realisable value.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

2 Staff costs

	Group		Parent Company	
DKK'000	2020	2019	2020	2019
Wages and salaries	56,454	60,224	9,806	7,246
Pensions	3,499	4,239	562	442
Other social security costs	10,903	11,662	863	1,125
	70,856	76,125	11,231	8,813
Average number of full-time employees	84	83	16	13

In addition to the staff costs recognised, the Company has used consultants.

Pursuant to section 98B(3) of the Danish Financial Statements Act, remuneration to the Executive Board has not been disclosed. The Board of Directors has not received remuneration.

3 Financial income

Interest income from group entities	1,794	798	5,623	5,620
Other financial income	0	1	0	0
Exchange rate adjustments	7	0	0	0
	1,801	799	5,623	5,620

4 Financial expenses

Interest expense, group entities	3,007	3,084	3,007	3,084
Other financial expenses	1,342	220	185	22
Exchange rate adjustment	2	700	2	465
	4,351	4,004	3,194	3,571

5 Tax on profit/loss for the year

Current tax	1,172	-1,929	186	-182
Adjustment of deferred tax	-3,856	-2,613	-1,016	-285
Adjustment relating to prior years	-59	-641	0	-611
	-2,743	-5,183	- 830	-1,078

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
6 Proposed distribution of loss				
Retained earnings	-2,919	-3,597	-2,919	-3,597
Proposed dividend	0	8,000	0	8,000
	-2,919	4,403	-2,919	4,403

7 Intangible assets

	Group			
DKK'000	Patent and licences	Goodwill	Intangible assets under construction	Total
Cost at 1 January 2020	1,821	99,104	2,612	103,537
Foreign exchange adjustments in foreign entities	-130	-9,179	0	-9,309
Additions	0	0	1,073	1,073
Cost at 31 December 2020	1,691	89,925	3,685	95,301
Amortisation and impairment losses at 1 January 2020	-1,220	-39,646	0	-40,866
Foreign exchange adjustments in foreign entities	95	4,359	0	4,454
Amortisation	-345	-9,682	0	-10,027
Amortisation and impairment losses at 31 December 2020	-1,470	-44,969	0	-46,439
Carrying amount at 31 December 2020	221	44,956	3,685	48,862

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

8 Property, plant and equipment

	Group				
DKK'000	Plant and machinery	Fixtures and fittings, tools and equipment	Leasehold improvements	Assets under construction	Total
Cost at 1 January 2020	5,247	32,178	11,201	1,927	50,553
Foreign exchange adjustments in foreign entities	-507	-2,964	-1,029	-238	-4,738
Additions	370	854	40	835	2,099
Disposals	0	0	0	0	0
Transfer for the year	0	0	0	0	0
Cost at 31 December 2020	5,110	30,068	10,212	2,524	47,914
Depreciation and impairment losses at 1 January 2020	-4,316	-20,082	-4,178	0	-28,576
Foreign exchange adjustments in foreign entities	423	1,704	442	0	2,569
Depreciation	-352	-2,071	-861	0	-3,284
Depreciation on disposals	0	0	0	0	0
Depreciation and impairment losses at 31 December 2020	-4,245	-20,449	-4,597	0	-29,291
Carrying amount at 31 December 2020	865	9,619	5,615	2,524	18,623

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Parent Company 2020	Parent Company 2019
9 Investments in subsidiaries		
Cost at 1 January	23,255	23,255
Additions	0	0
Cost at 31 December	23,255	23,255
Value adjustments at 1 January	-43,855	-45,837
Foreign exchange adjustment	1,825	-346
Actuarial gains and losses on pension obligations	-4,976	-167
Profit/loss for the year	1,105	2,448
Other adjustments	1,419	47
Value adjustments at 31 December	-44,482	-43,855
Carrying amount at 31 December	-21,227	-20,600
Negative investment set off against receivable from subsidiary in question	-30,298	-27,761
Recognised as investments	9,071	7,161
	-21,227	-20,600

Name/legal form	Registered office	Equity interest
Dedert (Canada) Inc	Canada	100%
Dedert Holding Corp	USA	100%
Dedert Corp	USA	100%
Dedert Shanghai	China	100%

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
10 Contract work in progress				
Contract work in progress	537,859	519,953	188,227	138,339
Progress billings	-533,551	-548,107	-198,520	-141,411
	4,308	-28,154	-10,293	-3,072
that can be specified as follows:				
Contract work in progress (assets)	33,928	46,316	5,259	12,887
Contract work in progress (liabilities)	-29,620	-74,470	-15,552	-15,959
	4,308	-28,154	-10,293	-3,072

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
11 Deferred tax assets				
Deferred tax assets at 1 January	17,735	19,899	2,855	3,153
Foreign exchange rate adjustment	-1,560	462	0	0
Adjustments	5,356	-2,626	991	-298
	21,531	17,735	3,846	2,855

The Group has deferred tax assets of DKK 28.3 million and the Parent Company has deferred tax assets of DKK 7.7 million. The full deferred tax has not been recognised due to uncertainty regarding the future utilisation.

12 Prepaid costs

Prepaid costs, DKK 1,589 thousand (2019: DKK 2,466 thousand), comprise payments made to suppliers relating to the subsequent financial year.

13 Contributed capital

The contributed capital comprises 33,200,010 shares, split in 27,224,008 A-shares and 5,976,002 B-shares, each having a nominal value of DKK 1 per share. A-shares carry 1 vote. B-shares carry no vote and are without right of representation.

The contributed capital was increased by DKK 10 in 2015, but has otherwise remained unchanged for the last five years.

DKK'000	Group 2020	Group 2019	Parent Company 2020	Parent Company 2019
14 Other provisions				
Warranties	1,142	1,069	187	187
Project specific warranties	1,031	835	1,031	0
Pension obligations	23,210	18,688	0	0
Other provisions at 31 December	25,383	20,592	1,218	187

The pension obligations can be specified as follows:

DKK'000	Group 2020	Group 2019
Defined benefit obligation	80,999	75,132
Fair value of plan assets	-57,789	-56,444
Net pension obligations	23,210	18,688

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

15 Non-current liabilities other than provisions

Payables to group entities fall due on 2 January 2022.

	Group		Parent Company	
DKK'000	2020	2019	2020	2019
16 Deferred tax liability				
Deferred tax assets at 1 January	0	39	26	39
Adjustments	0	-13	-26	-13
	0	26	0	26

17 Contractual obligations, contingencies, etc.

Contingent liabilities

Lease obligations

Lease obligations (operating leases) falling due within five years total DKK 590 thousand.

Obligations relating to the lease of office premises amount to DKK 18,750 thousand of which DKK 3,285 thousand falls due after five years.

Guarantees

The Group has provided delivery and performance guarantees relating to projects. These guarantees may entail a liability which will not be recognised until the facilities have been delivered or put into operation. It is Management's assessment that the Group has met the provided guarantees, and consequently no costs have been recognised in this respect. Bank guarantees of DKK 38 million have been provided in this respect.

Parent Company

The Parent Company has obligations relating to the lease of office premises in the amount of DKK 687 thousand.

The Company has provided suretyship for a number of affiliated companies' banking arrangements with Danske Bank.

The Parent Company is jointly taxed with other Danish companies in the Ordyhna Group. The companies included in the joint taxation have unlimited, and joint and several liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties. At 31 December 2020, the net taxes payable to the Danish tax authorities by the companies included in the joint taxation amounted to DKK 0 thousand. Any subsequent corrections of the taxable income subject to joint taxation or withholding taxes on dividends, etc., may entail that the companies' liability will increase. The Group as a whole is not liable to others.

Consolidated financial statements and parent company financial statements 1 January – 31 December

Notes

18 Related party disclosures

Parties exercising control

Ordyhna Holding A/S, Energivej 3, 4180 Sorø.

Ordyhna Holding A/S holds the majority of the contributed capital in the Company. Ordyhna Holding A/S prepares consolidated financial statements in which the entity is included as a subsidiary.

Related party transactions

DKK'000	2020	2019
Group		
Purchase of goods from related parties	-397	-543
Purchase of services from related parties	1,470	-1,536
Parent Company		
Sale of services to related parties	5,145	10,014
Purchase of services from related parties	-9,574	-13,940

Payables to associates and subsidiaries are disclosed in the balance sheet, and interest is disclosed in note 3 and 4.

Transactions with group entities are eliminated in the consolidated financial statements in accordance with Dedert International's accounting policies.