Dansk Natursten A/S

B-Vej 8, DK-2300 København S

Annual Report for 1 January - 31 December 2020

CVR No 19 88 34 42

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 9 /6 2021

Géry De Cloedt
Chairman of the General Meeting

Contents

	Page
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company Information	5
Financial Highlights	6
Management's Review	7
Consolidated and Parent Company Financial Statements	
Income Statement 1 January - 31 December	9
Balance Sheet 31 December	10
Statement of Changes in Equity	12
Cash Flow Statement 1 January - 31 December	13
Notes to the Financial Statements	15

pwc

Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Dansk Natursten A/S for the financial year 1 January - 31 December 2020.

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

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

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

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

København, 9 June 2021

Executive Board

Benn Laursen
Executive Officer

Board of Directors

Géry De Cloedt Chairman	Guy Vandersnickt Deputy Chairman	Patrick Johan A. Degryse
Ole Sørensen	Stig Anthony Jensen	

Independent Auditor's Report

To the Shareholders of Dansk Natursten 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 31 December 2020 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Dansk Natursten A/S for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the Group and the Parent Company ("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 Financials 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 Statements Act. We did not identify any material misstatement in Management's Review.

Management's responsibilities for the Financial Statements

Independent Auditor's Report

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 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 Company or to cease operations, or has no realistic alternative but to do so.

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 judgement and maintain professional scepticism 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 Company's and the Group'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 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 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.

Herning, 9 June 2021
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Kim Vorret	Hans Jørgen Andersen
statsautoriseret revisor	statsautoriseret revisor
mne33256	mne30211

Company Information

The Company	Dansk Natursten A/S B-Vej 8 DK-2300 København S CVR No: 19 88 34 42 Financial period: 1 January - 31 December Incorporated: 12 March 1997 Municipality of reg. office: København
Board of Directors	Géry De Cloedt, Chairman Guy Vandersnickt Patrick Johan A. Degryse Ole Sørensen Stig Anthony Jensen
Executive Board	Benn Laursen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Platanvej 4 DK-7400 Herning
Bankers	Jyske Bank Østergade 4 DK-8000 Aarhus C

Financial Highlights

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

	Group				
	2020	2019	2018	2017	2016
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Gross profit/loss	38,023	21,930	20,457	20,084	21,936
Profit/loss before financial income and expenses	18,452	7,175	7,413	7,776	12,265
Net financials	-581	-773	-603	-632	-1,140
Net profit/loss for the year	14,528	4,919	5,221	5,221	8,507
Balance sheet					
Balance sheet total	143,778	111,777	117,755	104,613	68,807
Equity	62,780	46,716	40,426	35,838	31,477
Cash flows					
Cash flows from:					
- operating activities	-1,898	22,545	-12,867	6,353	17,350
- investing activities	-22,114	-258	-2	1,035	-681
including investment in property, plant and equipment	-21,604	-257	-74	-1,152	-173
- financing activities	29,199	-25,876	14,172	-23,961	-19,482
Change in cash and cash equivalents for the year	5,187	-3,589	1,303	-16,573	-2,813
Number of employees	20	18	20	18	10
Ratios					
Return on assets	12.8%	6.4%	6.3%	7.4%	17.8%
Solvency ratio	43.7%	41.8%	34.3%	34.3%	45.7%
Return on equity	26.5%	11.3%	13.7%	15.5%	23.6%

Dansk Natursten A/S's ownership of subsidiary DC Resources Baltics SIA was established at the end of 2017. The comparative figures back to 2016 have not been restated. See the description under accounting policies.

Management's Review

Key activities

The object of the Company is to carry on trade and industry as well as related activities. As in previous years, the Company's activities consisted of import and sale of crushed aggregates and granite.

Development in the year

The income statement of the Group for 2020 shows a profit of TDKK 14,528, and at 31 December 2020 the balance sheet of the Group shows equity of TDKK 62,780.

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

The result for the year has been better than budgeted, mainly due to lower freight costs, currency and more projects compared to previous years.

Operating risks

It is Management's assessment that the Company is not exposed to any special risks apart from those generally existing in this line of business. Such risks are considered minimal and in line with previous years.

Foreign exchange risks

The Company's activities abroad, its profit and cash flow may be affected by rate movements in foreign currencies. The Company's foreign exchange policy is to hedge currency risks by entering into primarily forward exchange transactions.

No speculative foreign exchange transactions are entered.

Interest rate risks

The Company's interest rate risks are related to interest-bearing assets and liabilities. It is the Company's assessment, that normal changes in the interest rate level will not significantly affect earnings.

Credit risks

The Company has no significant risks regarding individual customers or business partners. The Company's policy in this area is, that all major customers, except municipalities etc., are regularly assessed and/or insured against losses.

Targets and expectations for the year ahead

Management expects a lower result for 2021 compared to 2020 due to normalization in the currency and higher freight costs.

Management's Review

Research and development

The company continuously develops the product program with adaptations to pre-existing products and the development of new solutions.

External environment

The Company is environmentally aware and works continuously to minimize the Company's environmental impact.

Income Statement 1 January - 31 December

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Gross profit/loss		**38,023**	**21,930**	**33,376**	**20,180**
Staff expenses	1	-18,029	-14,259	-16,521	-12,876
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1,539	-441	-1,503	-409
Other operating expenses		-3	-55	0	0
Profit/loss before financial income and expenses		**18,452**	**7,175**	**15,352**	**6,895**
Income from investments in subsidiaries		0	0	2,821	24
Financial income	2	426	465	704	719
Financial expenses	3	-1,007	-1,238	-1,007	-1,238
Profit/loss before tax		**17,871**	**6,402**	**17,870**	**6,400**
Tax on profit/loss for the year	4	-3,343	-1,483	-3,342	-1,481
Net profit/loss for the year		**14,528**	**4,919**	**14,528**	**4,919**

Balance Sheet 31 December

Assets

		Group		Parent company	
	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Acquired concessions		509	0	502	0
Goodwill		0	0	0	0
Intangible assets	5	**509**	**0**	**502**	**0**
Other fixtures and fittings, tools and equipment		18,621	1,393	17,778	514
Leasehold improvements		2,856	18	2,856	18
Property, plant and equipment	6	**21,477**	**1,411**	**20,634**	**532**
Investments in subsidiaries	7	0	0	3,113	300
Deposits	8	556	554	556	554
Fixed asset investments		**556**	**554**	**3,669**	**854**
Fixed assets		**22,542**	**1,965**	**24,805**	**1,386**
Inventories		**34,794**	**27,619**	**29,616**	**22,346**
Trade receivables		55,494	40,532	53,507	39,090
Receivables from group enterprises		18,065	37,706	25,833	45,570
Other receivables		5,507	1,291	5,420	799
Deferred tax asset	11	0	446	0	446
Corporation tax		33	34	0	0
Prepayments	9	1,218	1,246	1,211	1,239
Receivables		**80,317**	**81,255**	**85,971**	**87,144**
Cash at bank and in hand		**6,125**	**938**	**3,116**	**598**
Currents assets		**121,236**	**109,812**	**118,703**	**110,088**
Assets		**143,778**	**111,777**	**143,508**	**111,474**

Balance Sheet 31 December

Liabilities and equity

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Share capital		500	500	500	500
Reserve for net revaluation under the equity method		0	0	2,390	0
Other reserves		-7	0	0	0
Retained earnings		62,287	46,216	59,890	46,216
Equity		**62,780**	**46,716**	**62,780**	**46,716**
Provision for deferred tax	11	68	0	68	0
Provisions		**68**	**0**	**68**	**0**
Lease obligations		9,235	0	9,235	0
Other payables		1,150	337	1,150	337
Long-term debt	12	**10,385**	**337**	**10,385**	**337**
Credit institutions		28,973	23,854	28,971	23,837
Lease obligations	12	2,232	0	2,232	0
Trade payables		19,781	16,014	19,751	16,011
Payables to group enterprises		10,348	17,373	10,348	17,259
Payables to group enterprises relating to corporation tax		3,261	1,958	3,261	1,958
Other payables	12	5,950	5,525	5,712	5,356
Short-term debt		**70,545**	**64,724**	**70,275**	**64,421**
Debt		**80,930**	**65,061**	**80,660**	**64,758**
Liabilities and equity		**143,778**	**111,777**	**143,508**	**111,474**

	Note
Distribution of profit	10
Contingent assets, liabilities and other financial obligations	15
Related parties	16
Accounting Policies	17

Statement of Changes in Equity

Group

	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Total
	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	500	0	0	46,216	46,716
Exchange adjustments	0	0	-7	0	-7
Fair value adjustment of hedging instruments, beginning of year	0	0	0	-799	-799
Fair value adjustment of hedging instruments, end of year	0	0	0	2,777	2,777
Tax on adjustment of hedging instruments for the year	0	0	0	-435	-435
Net profit/loss for the year	0	0	0	14,528	14,528
Equity at 31 December	**500**	**0**	**-7**	**62,287**	**62,780**

Parent company

	Share capital	Reserve for net revaluation under the equity method	Other reserves	Retained earnings	Total
Equity at 1 January	500	0	0	46,216	46,716
Exchange adjustments	0	-7	0	0	-7
Fair value adjustment of hedging instruments, beginning of year	0	0	0	-799	-799
Fair value adjustment of hedging instruments, end of year	0	0	0	2,777	2,777
Tax on adjustment of hedging instruments for the year	0	0	0	-435	-435
Net profit/loss for the year	0	2,397	0	12,131	14,528
Equity at 31 December	**500**	**2,390**	**0**	**59,890**	**62,780**

Cash Flow Statement 1 January - 31 December

	Note	Group 2020	Group 2019	Parent company 2020	Parent company 2019
		TDKK	TDKK	TDKK	TDKK
Net profit/loss for the year		14,528	4,919	14,528	4,919
Adjustments	13	5,462	2,697	2,326	2,385
Change in working capital	14	-19,341	18,432	-19,392	17,566
Cash flows from operating activities before financial income and expenses		**649**	**26,048**	**-2,538**	**24,870**
Financial income		703	464	703	717
Financial expenses		-1,291	-1,263	-1,007	-1,239
Cash flows from ordinary activities		**61**	**25,249**	**-2,842**	**24,348**
Corporation tax paid		-1,959	-2,704	-1,958	-2,707
Cash flows from operating activities		**-1,898**	**22,545**	**-4,800**	**21,641**
Purchase of intangible assets		-508	0	-502	0
Purchase of property, plant and equipment		-21,604	-257	-21,604	-247
Fixed asset investments made etc		-2	-1	-2	-1
Cash flows from investing activities		**-22,114**	**-258**	**-22,108**	**-248**
Repayment of loans from credit institutions		-15	-7,198	0	-7,198
Reduction of lease obligations		-1,611	0	-1,611	0
Repayment of payables to group enterprises		0	-18,683	0	-17,661
Raising of loans from credit institutions		5,134	5	5,134	0
Lease obligations incurred		13,077	0	13,077	0
Raising of loans from group enterprises		12,614	0	12,826	0
Cash flows from financing activities		**29,199**	**-25,876**	**29,426**	**-24,859**
Change in cash and cash equivalents		**5,187**	**-3,589**	**2,518**	**-3,466**

Cash Flow Statement 1 January - 31 December

	Note	2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
Cash and cash equivalents at 1 January		938	4,527	598	4,064
Cash and cash equivalents at 31 December		**6,125**	**938**	**3,116**	**598**
Cash and cash equivalents are specified as follows:					
Cash at bank and in hand		6,125	938	3,116	598
Cash and cash equivalents at 31 December		**6,125**	**938**	**3,116**	**598**

Notes to the Financial Statements

		Group		Parent company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
1	**Staff expenses**				
	Wages and salaries	15,510	11,083	14,295	9,969
	Pensions	2,011	2,688	2,011	2,688
	Other social security expenses	453	415	160	146
	Other staff expenses	55	73	55	73
		18,029	**14,259**	**16,521**	**12,876**
	Average number of employees	**20**	**18**	**16**	**14**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

		Group		Parent company	
		2020	2019	2020	2019
		TDKK	TDKK	TDKK	TDKK
2	**Financial income**				
	Interest received from group enterprises	409	424	687	678
	Other financial income	17	41	17	41
		426	**465**	**704**	**719**
3	**Financial expenses**				
	Interest paid to group enterprises	44	0	44	0
	Other financial expenses	963	1,238	963	1,238
		1,007	**1,238**	**1,007**	**1,238**

Notes to the Financial Statements

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
4 Tax on profit/loss for the year				
Current tax for the year	3,263	1,960	3,262	1,958
Deferred tax for the year	515	-90	515	-90
	3,778	**1,870**	**3,777**	**1,868**
which breaks down as follows:				
Tax on profit/loss for the year	3,343	1,483	3,342	1,481
Tax on changes in equity	435	387	435	387
	3,778	**1,870**	**3,777**	**1,868**

5 Intangible assets

Group

	Acquired concessions	Goodwill
	TDKK	TDKK
Cost at 1 January	0	9,600
Additions for the year	502	0
Transfers for the year	10	0
Cost at 31 December	512	9,600
Impairment losses and amortisation at 1 January	0	9,600
Amortisation for the year	3	0
Impairment losses and amortisation at 31 December	3	9,600
Carrying amount at 31 December	**509**	**0**

Notes to the Financial Statements

6 Property, plant and equipment

Group

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	2,569	89	2,658
Exchange adjustment	-5	0	-5
Additions for the year	18,553	3,060	21,613
Transfers for the year	-10	0	-10
Cost at 31 December	21,107	3,149	24,256
Impairment losses and depreciation at 1 January	1,176	71	1,247
Exchange adjustment	-2	0	-2
Depreciation for the year	1,312	222	1,534
Impairment losses and depreciation at 31 December	2,486	293	2,779
Carrying amount at 31 December	**18,621**	**2,856**	**21,477**
Depreciated over	1-10 years	4-8 years	
Including assets under finance leases amounting to	14,068	0	14,068

Notes to the Financial Statements

6 Property, plant and equipment (continued)

Parent company

	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK
Cost at 1 January	1,312	89	1,401
Additions for the year	18,544	3,060	21,604
Kostpris at 31 December	19,856	3,149	23,005
Impairment losses and depreciation at 1 January	798	71	869
Depreciation for the year	1,280	222	1,502
Impairment losses and depreciation at 31 December	2,078	293	2,371
Carrying amount at 31 December	**17,778**	**2,856**	**20,634**
Depreciated over	1-6 years	4-8 years	
Including assets under finance leases amounting to	14,068	0	14,068

Notes to the Financial Statements

7 Investments in subsidiaries

	Parent company 2020	Parent company 2019
	TDKK	TDKK
Cost at 1 January	724	724
Cost at 31 December	724	724
Value adjustments at 1 January	-424	-448
Exchange adjustment	-7	0
Net profit/loss for the year	2,820	24
Value adjustments at 31 December	2,389	-424
Carrying amount at 31 December	**3,113**	**300**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Votes and ownership
DC Resources Baltics SIA	Riga, Latvia	EUR 100,000	100%

8 Other fixed asset investments

	Group	Parent company
	Deposits	Deposits
	TDKK	TDKK
Cost at 1 January	554	554
Additions for the year	2	2
Cost at 31 December	556	556
Carrying amount at 31 December	**556**	**556**

9 Prepayments

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

Notes to the Financial Statements

	Parent company	
	2020	2019
	TDKK	TDKK
10 Distribution of profit		
Reserve for net revaluation under the equity method	2,397	0
Retained earnings	12,131	4,919
	14,528	**4,919**

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
11 Provision for deferred tax				
Provision for deferred tax at 1 January	-446	-356	-446	-356
Amounts recognised in the income statement for the year	515	-90	515	-90
Amounts recognised in equity for the year	-1	0	-1	0
Provision for deferred tax at 31 December	**68**	**-446**	**68**	**-446**

12 Long-term debt

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

The debt falls due for payment as specified below:

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Lease obligations				
Between 1 and 5 years	9,235	0	9,235	0
Long-term part	9,235	0	9,235	0
Within 1 year	2,232	0	2,232	0
	11,467	**0**	**11,467**	**0**

Notes to the Financial Statements

12 Long-term debt (continued)

	Group		Parent company	
	2020	2019	2020	2019
	TDKK	TDKK	TDKK	TDKK
Other payables				
After 5 years	1,150	337	1,150	337
Long-term part	1,150	337	1,150	337
Other short-term payables	5,956	5,527	5,712	5,356
	7,106	**5,864**	**6,862**	**5,693**

13 Cash flow statement - adjustments

Financial income	-426	-465	-704	-719
Financial expenses	1,007	1,238	1,007	1,238
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,538	441	1,502	409
Income from investments in subsidiaries	0	0	-2,821	-24
Tax on profit/loss for the year	3,343	1,483	3,342	1,481
	5,462	**2,697**	**2,326**	**2,385**

14 Cash flow statement - change in working capital

Change in inventories	-7,175	2,965	-7,270	5,053
Change in receivables	-19,150	20,780	-19,010	17,617
Change in trade payables, etc	5,007	-7,071	4,911	-6,862
Fair value adjustments of hedging instruments	1,977	1,758	1,977	1,758
	-19,341	**18,432**	**-19,392**	**17,566**

Notes to the Financial Statements

15 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:

	Group 2020	Group 2019	Parent company 2020	Parent company 2019
	TDKK	TDKK	TDKK	TDKK
Inventories, company mortgage	29,616	22,346	29,616	22,346
Receivable from sales and services, company mortgage	53,507	39,090	53,507	39,090

Company mortgage has been provided as security at a total amount of kDKK 30,000.

Surety in respect of Danish Group Companies' outstanding bank debts at 31 December amounting to kDKK 18,315.

Rental and lease obligations

	Group 2020	Group 2019	Parent company 2020	Parent company 2019
Lease obligations under operating leases. Total future lease payments	963	992	963	992
Rental obligations, period of non-terminability, 1-31 (2019: 1-43) months	4,170	4,750	4,170	4,750

Guarantee obligations

Payment guarantees regarding rent obligations at 31 December amounting to kDKK 1,919.

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Thyborøn Nordsø Ral A/S, which is the management company of the joint taxation purposes. Moreover, the 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.

Notes to the Financial Statements

16 Related parties

	Basis
Controlling interest	
Gery Jacques John Edmond Leopold De Cloedt, Chemin du Patier 36,1936 Verbier, Schweiz	Board of Directors, Beneficial owner
DC Industrial NV-SA, Brussel, Belgien	Legal owner

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.

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration, all of which are concluded on arm's length terms, why they are not disclosed in accordance with section 98 c of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is consolidated into the Group Annual Report of the Parent Company.

Name	Place of registered office
Group De Cloedt s.a.	Ixelles, Belgium

The Group Annual Report of Group De Cloedt s.a. may be obtained at the following address:

Rue Gachard 88 Bfk 12
1050 Ixelles
Belgium

Notes to the Financial Statements

17 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2020 are presented in TDKK.

Recognition and measurement

The Financial Statements have been prepared under the historical cost method.

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

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

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

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

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Basis of consolidation

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

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

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

Business combinations

Business acquisitions carried through on or after 1 July 2018

Acquisitions of subsidiaries are accounted for using the purchase method under which the identifiable assets and liabilities of the entity acquired are measured at fair value at the time of acquisition. Acquired contingent liabilities are recognised at fair value in the Consolidated Financial Statements to the extent that the value can be measured reliably.

The time of acquisition is the time when the Group obtains control of the entity acquired.

The cost of the entity acquired is the fair value of the consideration agreed, including consideration contingent on future events. Transaction costs directly attributable to the acquisition of subsidiaries are recognised in the income statement as incurred.

Positive differences between the cost of the entity acquired and identifiable assets and liabilities are recognised as goodwill in intangible assets in the balance sheet and are amortised in the income statement on a straight-line basis over their estimated useful lives. Amortisation of goodwill is allocated in the Consolidated Financial Statements to the operations to which goodwill is related. Where the differences are negative, they are recognised immediately in the income statement.

Where the purchase price allocation is not final, positive and negative differences from acquired subsidiaries due to changes to the recognition and measurement of identifiable net assets may be adjusted for up to 12 months after the time of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made.

Notes to the Financial Statements

17 Accounting Policies (continued)

Where cost includes contingent consideration, this is measured at fair value at the time of acquisition. Contingent consideration is subsequently measured at fair value. Any value adjustments are recognised in the income statement.

In respect of step acquisitions, any previously held investments in the entity acquired are remeasured at fair value at the time of acquisition. The difference between the carrying amount of the investment previously held and the fair value is recognised in the income statement.

Business acquisitions carried through before 1 July 2018

Subject to some exemptions, acquisitions carried through before 1 July 2018 are accounted for under the same accounting policies as those applying to business combinations carried through on or after 1 July 2018. The most material exemptions are:

- Identifiable assets and liabilities of the entity acquired are recognised only if they are probable.

- Identifiable contingent liabilities of the entity acquired are not recognised in the consolidated balance sheet.

- Where the purchase price allocation is not final, positive and negative differences due to changes to the recognition and measurement of the acquired net assets may 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.

- Transaction costs directly attributable to the acquisition of subsidiaries are included as part of cost.

- After the initial recognition, adjustment of contingent consideration is recognised directly with its counter entry in initial purchase price, thus correcting the value of goodwill or negative goodwill.

- In respect of step acquisitions, the carrying amount of the existing investments is recognised in cost.

Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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

Hedge accounting

Changes in the fair values of financial instruments that are designated and qualify as fair value hedges of a recognised asset or a recognised liability are recognised in the income statement as are any changes in the fair value of the hedged asset or the hedged liability related to the hedged risk.

Changes in the fair values of derivative financial instruments that are designated and qualify as hedges of expected future transactions are recognised in retained earnings under equity as regards the effective portion of the hedge. The ineffective portion is recognised in the income statement. If the hedged transaction results in an asset or a liability, the amount deferred in equity is transferred from equity and recognised in the cost of the asset or the liability, respectively. If the hedged transaction results in an income or an expense, the amount deferred in equity is transferred from equity to the income statement in the period in which the hedged transaction is recognised. The amount is recognised in the same item as the hedged transaction.

Changes in the fair values of financial instruments that are designated and qualify as hedges of net investments in independent foreign subsidiaries or associates are recognised directly in equity as regards the effective portion of the hedge, whereas the ineffective portion is recognised in the income statement.

Revenue

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

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

Expenses for raw materials and consumables

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

Notes to the Financial Statements

17 Accounting Policies (continued)

Gross profit

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

Staff expenses

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

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment for the year.

Other operating income and expenses

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

Income from investments in subsidiaries

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

Financial income and expenses

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

Tax on profit/loss for the year

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 10 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable

17 Accounting Policies (continued)

amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 7 years.

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	1-10	years
Leasehold improvements	4-8	years

Depreciation period and residual value are reassessed annually.

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

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

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

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

Notes to the Financial Statements

17 Accounting Policies (continued)

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

Other fixed asset investments

Other fixed asset investments consist of deposits. Deposits are measured in the balance sheet at the lower of amortised cost and net realisable value.

Inventories

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

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

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

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

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

Prepayments

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Notes to the Financial Statements

17 Accounting Policies (continued)

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

Current tax receivables and liabilities

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

Financial debts

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

Cash Flow Statement

The cash flow statement shows the Group´s and the Parent Company´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 and the Parent Company´s cash and cash equivalents at the beginning and end of the year.

No cash flow statement has been prepared for the Parent Company as the Parent Company cash flows are included in the Consolidated Cash Flow Statement.

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Notes to the Financial Statements

17 Accounting Policies (continued)

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand”.

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

Financial Highlights

Explanation of financial ratios

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