Green Instruments A/S

Erhvervsparken 29, 9700 Brønderslev

Company reg. no. 21 45 94 37

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 13 August 2020.

Poul Kodal Sørensen
Chairman of the meeting

Contents

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

Management's report

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

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

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

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

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

Brønderslev, 19 May 2020

Managing Director

Oluf Olesen Sigh

Board of directors

Poul Kodal Sørensen

Ken Erik Nielsen

Oluf Olesen Sigh

Allan Juhl Bech

Karsten Ries

Independent auditor's report

To the shareholders of Green Instruments A/S

Opinion

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

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

Basis for opinion

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

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

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

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

Independent auditor's report

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group’s and the company’s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management’s preparation of the consolidated financial statements and the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the group’s and the company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the consolidated financial statements and the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the group and the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the consolidated financial statements and the financial statements, including disclosures in notes, and whether the consolidated financial statements and the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aalborg, 19 May 2020

Redmark

State Authorised Public Accountants
Company reg. no. 29 44 27 89

Marian Fruergaard

State Authorised Public Accountant
mne24699

Company information

The company	Green Instruments A/S Erhvervsparken 29 9700 Brønderslev	
	Phone	96454500
	Fax	96454501
	Company reg. no.	21 45 94 37
	Established:	1 February 1999
	Domicile:	Brønderslev
	Financial year:	1 January - 31 December
Board of directors	Poul Kodal Sørensen Ken Erik Nielsen Oluf Olesen Sigh Allan Juhl Bech Karsten Ries	
Managing Director	Oluf Olesen Sigh	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Bankers	Jyske Bank A/S, Toldbod Plads 1, 9000 Aalborg	
Subsidiaries	Green Instruments USA Inc., Fort Lauderdale Green Instruments (S) Pte. Ltd., Singapore	

Koncernoversigt

Kan ikke vise Koncernoversigt.jpg

Consolidated financial highlights

DKK in thousands.	2019	2018
Income statement:		
Gross profit	229.730	50.262
Profit from ordinary operating activities	170.759	30.676
Net financials	-1.129	-235
Net profit or loss for the year	132.129	24.024
Statement of financial position:		
Balance sheet total	210.562	76.108
Investments in property, plant and equipment	18.324	3.822
Equity	101.194	34.842
Cash flows:		
Operating activities	94.985	4.542
Investing activities	-15.329	-3.896
Financing activities	-70.520	211
Total cash flows	9.135	857
Employees:		
Average number of full-time employees	61	27
Key figures in %:		
Acid test ratio	196,1	167,2
Solvency ratio	46,2	45,2

Calculations of key figures and ratios follow the recommendations of the Danish Association of Finance Analysts.

Management commentary

The principal activities of the group

Green Instruments is a global company, which specializes in measurement and analysis technologies for both marine and land-based industries.

We develop and manufacture monitoring and measuring equipment for emission control, water and gas analysis, hazard detection, and machinery protection.

The company was founded in 1999 under the name of SBS Technology in Pandrup, Denmark. In 2008, we changed our name to Green Instruments. Today, we have our head office and production facilities located in Brønderslev, Denmark together with regional sales and service offices in USA and Singapore.

We are the leading supplier of inert gas oxygen analyzers, smoke density monitors, oil mist detectors, and boiler protection systems for the marine industry. We have more than ten years of experience in monitoring and analyzing exhaust gasses on ocean going vessels. Besides, we are the pioneer in monitoring wash water after exhaust gas cleaning systems.

Development in activities and financial matters

We have experienced a significant increase in our activities within wash water and gas monitoring. Gross profit for the year totals 229.730 T.DKK for the group against 50.262 T.DKK last year. Income from ordinary activities after tax totals 132.129 T.DKK. against 24.024 T.DKK. last year. Management considers the net profit for the year satisfactory.

During 2019 our activities have increased significantly and in order to meet customer demands, we delivered products for which we still have an obligation to complete the installation and delivery of the product. Thus, we have accordingly made a provision for these obligations as of December 31, 2019.

In 2019, the groups cash and cash equivalents increased by 9.135 T.DKK. i.e. from 1.591 T.DKK. to 10.726 T.DKK.

Special risks

Operating risks

We operate in a global business environment, which is highly affected by changes in oil prices. Especially the price spread per barrel between high vs. low sulfur oil has an impact on our business, whether it is profitable for shipowners to invest in scrubber systems on their vessels.

Also, the overall activity within the maritime segment impacts our business, whether new vessels are being build or old vessels are being retrofit affects our wash water and gas monitoring business.

Environmental issues

Green Instruments is focused on the environment, employees and the local community. Our policy within the group is always to comply with local environmental laws and guidelines where we have a presence or has employees performing services around the world.

Management commentary

Research and development activities

Research and development within new products and business areas is important for Green Instruments in order to secure a continuous and profitable development of the group including ensuring our customers innovative and competitive products. All development activities are managed from Denmark in cooperation with our subsidiaries. Our development strategy is to:

- Continuously develop competitive products and solutions.
- Follow and participate in development of new technologies, which will ensure our current and new customers better products and solutions.
- Ensure cost effective and competitive production and technology processes.

Expected developments

We are generally experiencing a slowdown in the market due to the COVID-19 outbreak, which also has affected oil prices and slowed down the activity in the marine industry. However, we expect this situation to be temporary and our business will pick up again at earliest in the third or fourth quarter of 2020.

Income statement 1 January - 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

		Group		Parent	
Note		2019	2018	2019	2018
	Gross profit	**229.729.715**	**50.262**	**215.789.928**	**47.455**
1	Staff costs	-48.379.875	-14.878	-46.202.832	-13.346
2	Depreciation and impairment of property, land, and equipment	-1.902.100	-701	-1.902.100	-701
	Other operating costs	-8.688.594	-4.007	-8.706.211	-4.007
	Operating profit	**170.759.146**	**30.676**	**158.978.785**	**29.401**
	Other financial income	650.456	103	704.380	94
	Other financial costs	-1.779.773	-338	-1.770.718	-274
	Pre-tax net profit or loss	**169.629.829**	**30.441**	**157.912.447**	**29.221**
	Tax on net profit or loss for the year	-37.500.770	-6.417	-34.727.122	-6.417
3	**Net profit or loss for the year**	**132.129.059**	**24.024**	**123.185.325**	**22.804**
	Break-down of the consolidated profit or loss:				
	Shareholders in Green Instruments A/S	128.696.573	23.509		
	Non-controlling interests	3.432.486	515		
		132.129.059	**24.024**		

Statement of financial position at 31 December

Amounts concerning 2019: DKK.

Amounts concerning 2018: DKK thousand.

Note	Assets	Group 2019	Group 2018	Parent 2019	Parent 2018
	Non-current assets				
4	Property	19.904.380	7.155	19.904.380	7.155
5	Other fixtures and fittings, tools and equipment	1.884.696	173	1.186.988	142
6	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	3.805.376	3.822	3.805.376	3.822
	Total property, plant, and equipment	25.594.452	11.150	24.896.744	11.119
7	Equity investment in group enterprise	0	0	530.127	530
8	Deposits	121.289	39	0	0
	Total investments	121.289	39	530.127	530
	Total non-current assets	**25.715.741**	**11.189**	**25.426.871**	**11.649**

Statement of financial position at 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Current assets				
	Raw materials and consumables	41.419.692	9.466	40.830.180	9.466
	Manufactured goods and goods for resale	52.031.592	15.766	50.925.419	15.438
	Total inventories	93.451.284	25.232	91.755.599	24.904
	Trade receivables	75.167.113	33.095	62.012.763	28.095
	Receivables from group enterprises	0	0	3.613.478	2.458
9	Deferred tax assets	0	0	2.316.349	0
	Income tax receivables	1.764.662	0	1.828.973	0
	Other receivables	3.445.167	4.808	3.375.406	4.738
10	Prepayments and accrued income	291.219	193	140.635	89
	Total receivables	80.668.161	38.096	73.287.604	35.380
	Cash on hand and demand deposits	10.726.351	1.591	8.145.292	739
	Total current assets	**184.845.796**	**64.919**	**173.188.495**	**61.023**
	Total assets	**210.561.537**	**76.108**	**198.615.366**	**72.672**

Statement of financial position at 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
	Contributed capital	1.015.000	1.000	1.015.000	1.000
	Share premium	210.000	0	210.000	0
	Retained earnings	76.089.444	22.403	70.410.590	22.225
	Proposed dividend for the financial year	20.000.000	11.000	20.000.000	11.000
	Equity before non-controlling interest.	97.314.444	34.403	91.635.590	34.225
	Non-controlling interests	3.879.371	439	0	0
	Total equity	**101.193.815**	**34.842**	**91.635.590**	**34.225**
	Provisions				
11	Provisions for deferred tax	395.086	308	0	308
12	Other provisions	12.834.894	0	12.834.894	0
	Total provisions	**13.229.980**	**308**	**12.834.894**	**308**
	Liabilities other than provisions				
13	Mortgage loans	1.874.477	2.001	1.874.477	2.001
14	Bank loans	0	133	0	133
	Total long term liabilities other than provisions	1.874.477	2.134	1.874.477	2.134

Statement of financial position at 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Equity and liabilities

		Group		Parent	
Note		2019	2018	2019	2018
	Current portion of long term payables	260.805	301	260.805	301
	Bank loans	4.065.131	8.511	3.732.731	8.157
	Trade payables	48.064.946	22.362	47.228.263	21.577
	Income tax payable	0	1.103	0	979
	Other payables	25.005.156	5.006	24.181.379	4.991
15	Accruals and deferred income	16.867.227	1.541	16.867.227	0
	Total short term liabilities other than provisions	94.263.265	38.824	92.270.405	36.005
	Total liabilities other than provisions	**96.137.742**	**40.958**	**94.144.882**	**38.139**
	Total equity and liabilities	**210.561.537**	**76.108**	**198.615.366**	**72.672**

16 Charges and security

17 Contingencies

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital not paid	Share premium	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2018	1.000	0	12.894	1.000	14.894
Distributed dividend	0	0	0	-1.000	-1.000
Retained earnings for the year	0	0	9.509	11.000	20.509
Extraordinary dividend adopted during the financial year	0	0	3.000	0	3.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-3.000	0	-3.000
Equity 1 January 2019	1.000	0	22.403	11.000	34.403
Cash capital increase	15	210	0	0	225
Distributed dividend	0	0	0	-11.000	-11.000
Retained earnings for the year	0	0	53.697	20.000	73.697
Extraordinary dividend adopted during the financial year	0	0	55.000	0	55.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-55.000	0	-55.000
Gain/loss in exchange rate	0	0	-11	0	-11
	1.015	**210**	**76.089**	**20.000**	**97.314**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Share premium	Retained earnings	Proposed dividend for the financial year	Total
Equity 1 January 2018	1.000	0	13.421	1.000	15.421
Distributed dividend	0	0	0	-1.000	-1.000
Retained earnings for the year	0	0	8.804	11.000	19.804
Extraordinary dividend adopted during the financial year	0	0	3.000	0	3.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-3.000	0	-3.000
Equity 1 January 2019	1.000	0	22.225	11.000	34.225
Cash capital increase	15	210	0	0	225
Distributed dividend	0	0	0	-11.000	-11.000
Retained earnings for the year	0	0	48.185	20.000	68.185
Extraordinary dividend adopted during the financial year	0	0	55.000	0	55.000
Distributed extraordinary dividend adopted during the financial year.	0	0	-55.000	0	-55.000
Gain/loss in exchange rate	0	0	1	0	1
	1.015	**210**	**70.411**	**20.000**	**91.636**

Statement of cash flows 1 January - 31 December

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

Note		Group 2019	2018
	Net profit or loss for the year	132.129.059	24.024
18	Adjustments	52.267.091	7.271
19	Change in working capital	-48.001.191	-21.121
	Cash flows from operating activities before net financials	136.394.959	10.174
	Interest received, etc.	650.456	105
	Interest paid, etc.	-1.779.773	-338
	Cash flows from ordinary activities	135.265.642	9.941
	Income tax paid	-40.281.131	-5.399
	Cash flows from operating activities	**94.984.511**	**4.542**
	Purchase of property, plant, and equipment	-15.246.842	-3.857
	Purchase of fixed asset investments	-82.617	-39
	Cash flows from investment activities	**-15.329.459**	**-3.896**
	Repayments of long-term payables	-299.056	-541
	Cash capital increase	225.000	0
	Dividend paid	-66.000.000	-4.000
	Changes in gæld til pengeinstitutter	-4.445.840	4.752
	Cash flows from investment activities	**-70.519.896**	**211**
	Change in cash and cash equivalents	**9.135.156**	**857**
	Cash and cash equivalents at 1 January 2019	1.591.195	734
	Cash and cash equivalents at 31 December 2019	**10.726.351**	**1.591**

	2019	2018
Cash and cash equivalents		
Cash on hand and demand deposits	10.726.351	1.591
Cash and cash equivalents at 31 December 2019	**10.726.351**	**1.591**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Group		Parent	
		2019	2018	2019	2018
1.	**Staff costs**				
	Salaries and wages	44.116.803	13.407	41.939.760	11.875
	Pension costs	3.431.503	1.245	3.431.503	1.245
	Other costs for social security	831.569	226	831.569	226
		48.379.875	**14.878**	**46.202.832**	**13.346**
	Average number of employees	61	27	59	26
2.	**Depreciation and impairment of property, land, and equipment**				
	Depreciation of buildings	545.459	369	545.459	369
	Depreciation of other fixtures and fittings, tools and equipment	180.069	68	180.069	68
	Minor acquisitions	1.176.572	264	1.176.572	264
		1.902.100	**701**	**1.902.100**	**701**

		Parent 2019	Parent 2018
3.	**Proposed appropriation of net profit**		
	Extraordinary dividend adopted during the financial year	55.000.000	3.000
	Dividend for the financial year	20.000.000	11.000
	Transferred to retained earnings	48.185.325	8.804
	Total allocations and transfers	**123.185.325**	**22.804**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
4.	**Property**				
	Cost 1 January 2019	9.247.441	9.247	9.247.441	9.247
	Additions during the year	13.293.599	0	13.293.599	0
	Cost 31 December 2019	**22.541.040**	**9.247**	**22.541.040**	**9.247**
	Depreciation and writedown 1 January 2019	-2.091.201	-1.723	-2.091.201	-1.723
	Amortisation and depreciation for the year	-545.459	-369	-545.459	-369
	Depreciation and writedown 31 December 2019	**-2.636.660**	**-2.092**	**-2.636.660**	**-2.092**
	Carrying amount, 31 December 2019	**19.904.380**	**7.155**	**19.904.380**	**7.155**
5.	**Other fixtures and fittings, tools and equipment**				
	Cost 1 January 2019	562.251	528	528.020	528
	Additions during the year	1.936.224	34	1.224.578	0
	Cost 31 December 2019	**2.498.475**	**562**	**1.752.598**	**528**
	Depreciation and writedown 1 January 2019	-389.042	-318	-385.541	-318
	Amortisation and depreciation for the year	-224.737	-71	-180.069	-68
	Depreciation and writedown 31 December 2019	**-613.779**	**-389**	**-565.610**	**-386**
	Carrying amount, 31 December 2019	**1.884.696**	**173**	**1.186.988**	**142**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

	Group 31/12 2019	Group 31/12 2018	Parent 31/12 2019	Parent 31/12 2018
6. Property, plant, and equipment under construction including pre-payments for property, plant, and equipment				
Cost 1 January 2019	3.822.395	0	3.822.395	0
Additions during the year	3.805.376	3.822	3.805.376	3.822
Transfers	-3.822.395	0	-3.822.395	0
Cost 31 December 2019	**3.805.376**	**3.822**	**3.805.376**	**3.822**
Carrying amount, 31 December 2019	**3.805.376**	**3.822**	**3.805.376**	**3.822**
7. Equity investment in group enterprise				
Cost 1 January 2019	0	0	530.127	205
Additions during the year	0	0	0	325
Cost 31 December 2019	**0**	**0**	**530.127**	**530**
Carrying amount, 31 December 2019	**0**	**0**	**530.127**	**530**

Financial highlights for the enterprise according to the latest approved annual report

	Equity interest	Equity DKK	Results for the year DKK	Carrying amount, Green Instruments A/S DKK
Green Instruments USA Inc., Fort Lauderdale	60 %	8.640.980	7.732.451	204.900
Green Instruments (S) Pte. Ltd., Singapore	70 %	1.485.733	1.285.495	325.227
		10.126.713	**9.017.946**	**530.127**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
8.	**Deposits**				
	Cost 1 January 2019	38.672	0	0	0
	Additions during the year	82.617	39	0	0
	Cost 31 December 2019	**121.289**	**39**	**0**	**0**
	Carrying amount, 31 December 2019	**121.289**	**39**	**0**	**0**
9.	**Deferred tax assets**				
	Deferred tax assets 1 January 2019	0	0	2.316.349	0
		0	**0**	**2.316.349**	**0**
	The following items are subject to deferred tax:				
	Property, plant, and equipment	0	0	-507.328	0
	Provisions	0	0	2.823.677	0
		0	**0**	**2.316.349**	**0**
10.	**Prepayments and accrued income**				
	Other prepayments	291.219	193	140.635	89
		291.219	**193**	**140.635**	**89**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
11. Provisions for deferred tax				
Provisions for deferred tax 1 January 2019	395.086	308	0	308
	395.086	**308**	**0**	**308**
The following items are subject to deferred tax:				
Property, plant, and equipment	564.973	308	0	308
Current assets	2.653.790	0	0	0
Provisions	-2.823.677	0	0	0
	395.086	**308**	**0**	**308**
12. Other provisions				
Change in other provisions for the year	12.834.894	0	12.834.894	0
	12.834.894	**0**	**12.834.894**	**0**
13. Mortgage loans				
Total mortgage loans	2.002.482	2.129	2.002.482	2.129
Share of amount due within 1 year	-128.005	-128	-128.005	-128
	1.874.477	**2.001**	**1.874.477**	**2.001**
Share of liabilities due after 5 years	1.486.733	1.616	1.486.733	1.616
14. Bank loans				
Total bank loans	132.800	270	132.800	270
Share of amount due within 1 year	-132.800	-137	-132.800	-137
	0	**133**	**0**	**133**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

	Group		Parent	
	31/12 2019	31/12 2018	31/12 2019	31/12 2018
15. Accruals and deferred income				
Accruals and deferred income	16.867.227	1.541	16.867.227	0
	16.867.227	**1.541**	**16.867.227**	**0**

16. Charges and security

As collateral for mortgage loans, DKK 2.002.482, security has been granted on land and buildings representing a carrying amount of DKK 19.904.380 at 31 December 2019.

The company has issued owner's mortgage at a total amout of DKK 5.200.000 as security for bank loans. The owner's mortgage provide mortgage on the above land and buildings, representing a carrying amount of DKK 19.904.380 at 31 December 2019.

17. Contingencies

Contingent liabilities

Recourse guarantee commitments:

The company has provided guarantees for the bank debts of the group enterprises, maximum DKK 500.000. On 31 December 2019, the total bank debts of the group enterprises totalled DKK 279.410.

	Group	
	2019	2018
18. Adjustments		
Impairment of current assets	725.528	436
Other financial income	-650.456	-103
Other financial costs	1.779.773	338
Tax on net profit or loss for the year	37.500.770	6.417
Other provisions	12.834.894	0
Other adjustments	76.582	183
	52.267.091	**7.271**

Notes

Amounts concerning 2019: DKK.
Amounts concerning 2018: DKK thousand.

		Group	
		2019	2018
19.	**Change in working capital**		
	Change in inventories	-68.219.299	-14.134
	Change in receivables	-44.015.733	-27.617
	Change in trade payables and other payables	64.233.841	20.630
		-48.001.191	**-21.121**

Accounting policies

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

Changes in the accounting policies

The item “Staff costs” has been reclassified so that certain types of expenses previously recognised under “Staff costs” will, in the future, be recognised under the item “Other external charges”.

The change in classification has no effect on the net profit or loss for the year, nor on the statement of financial position, neither for the current financial year, nor the previous financial year. The comparative figures have been adjusted in accordance with the reclassification.

Except for the above, the accounting policies for the financial statements remain unchanged from last year.

Indirect production costs are recognized in property, plant and equipment and inventories. So far, indirect production costs have been continuously recognized as expenses in the income statement. The change has a positive impact on ordinary profit before tax of DKK 2.449 thousand and profit for the year of DKK 1.910 thousand. Equity has been increased by DKK 1.910 thousand by year end. In accordance with the Danish Financial Statements Act the comparative figures have not been adjusted in accordance with this change in accountiong policies.

Except for the above, the accounting policies remain unchanged from last year.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, writedowns for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the group and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the group and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Accounting policies

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

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

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

Fixed assets and other nonmonetary assets acquired in foreign currency and not considered to be investment assets are measured using the exchange rate at the transaction date.

If the foreign group enterprises and associates meet the criteria for independent entities, their income statements are translated using an average exchange rate for the period in question and the balance sheet items are translated using the closing rate. Differences arising from translating the equity of foreign group enterprises at the beginning of the year using the closing rate are recognised directly in equity. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

When recognising foreign group enterprises which are integral units, the monetary items are translated using the closing rate. Non-monetary items are translated using the exchange rate prevailing at the time of acquisition or at the time of the subsequent revaluation or writedown for impairment of the asset. Income statement items are translated using the exchange rate prevailing at the date of the transaction. However, items in the income statement derived from non-monetary items are translated using historical prices.

Translation adjustment of balances with foreign group enterprises considered part of the total investment in group enterprises are recognised directly in equity. Likewise, foreign exchange gains and losses on loans and derivatives for the currency hedging of independent foreign group enterprises are recognised directly in equity.

Accounting policies

The consolidated financial statements

The consolidated income statements comprise the parent company Green Instruments A/S and those group enterprises of which Green Instruments A/S directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control. According to the group overview, enterprises in which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not dominant, control are considered associates.
In the consolidation process, intercompany income and expenses, shareholding, intercompany balances and dividends, and realised and unrealised profit and loss derived from transactions among the consolidated enterprises will be eliminated.

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

Non-controlling interests

The items of the group enterprises are fully recognised in the consolidated financial statement. The proportionate share of non-controlling interests as regards the profit and equity of the group enterprises are adjusted annually and presented as a separate item at the end of the income statement and as a separate item under equity, respectively.

Income statement

Gross profit

Gross profit comprises the revenue, changes in inventories of finished goods, and work in progress, work performed for own account and capitalised, other operating income, and external costs.

Revenue is recognised in the income statement if delivery and passing of risk to the buyer have taken place before the end of the year and if the income can be determined reliably and inflow is anticipated. Recognition of revenue is exclusive of VAT and taxes and less any discounts relating directly to sales.

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise.

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

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation, amortisation, and writedown for the year and profit and loss on the disposal of intangible and tangible assets.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise (eg. reseach and development costs).

Financial income and expenses

Financial income and expenses comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the income statement with the amounts concerning the financial year.

Dividend from equity investment in group enterprise is recognised in the financial year in which the dividend is declared.

Interest and other costs concerning loans to finance the production of intangible assets and property, plant, and equipment, and relating to production periods are not recognised in the cost of non-current assets.

Tax on net profit or loss for the year

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

Statement of financial position

Property, plant, and equipment

Property is measured at cost plus revaluations and less accrued depreciation and writedown for impairment. Land is not subject to depreciation.

Property is revaluated on the basis of regular, independent fair-value assessments. Net revaluation at fair value adjustment is recognised directly in equity less deferred tax and tied up in a particular revaluation reserve. Net impairment loss at fair value adjustment is recognised in the income statement.

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

Accounting policies

Reversal of previous revaluations and recognised deferred taxes concerning revaluations are recognised directly in company equity.

Other property, plant, and equipment are measured at cost less accrued depreciation and writedown for impairment.

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

If the amortisation period or the residual value is changed, the effect on amortisation will, in future, be recognised as a change in the accounting estimates.

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

The cost of a total asset is divided into separate components. These components are depreciated separately when the useful lives of each individual components differ.

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

	Useful life	Residual value
Buildings	30 years	20 %
Plant and machinery	5-10 years	0 %
Other fixtures and fittings, tools and equipment	3-5 years	0 %

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

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

As regards self-constructed assets, the cost comprises direct costs for materials, components, deliveries from subsuppliers, payroll costs, and borrowing costs from specific and general borrowing concerning the construction of each individual asset.

Accounting policies

Leases

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

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

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

Impairment loss relating to non-current assets

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

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

The recoverable amount is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow derived from the use of the asset or group of assets.

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

Investments

Equity investment in group enterprise

Equity investment in group enterprise is measured at cost. If the recoverable amount is lower than the cost, writedown for impairment is done to match this lower value.

Deposits

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

Accounting policies

Inventories

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

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

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

Costs of manufactured goods and work in progress comprise the cost of raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance and depreciation of machinery, factory buildings, and equipment used in the production process, and costs for factory administration and factory management. Borrowing expenses are not recognised in cost.

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

Receivables

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

Prepayments and accrued income

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

Cash on hand and demand deposits

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

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium. The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity. Proposed dividend is recognised as a liability at the time of approval by the annual general meeting (time of declaration).

Accounting policies

Income tax and deferred tax

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

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

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

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

Other provisions

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

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

Warranty commitments comprise commitments to repair work being carried out within the warranty period of 1-3 years. The provisions are measured at the net realisable value and recognised on the basis of experience with warranty work.

On the acquisition of enterprises, provisions for restructuring within the acquiree is included in the acquisition cost, and, as such, in the goodwill or the consolidated goodwill, to the extent that they have been approved and announced, however, no later than on the date of acquisition.

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

Liabilities other than provisions

Financial liabilities other than provisions related to borrowings are recognised at the received proceeds less transaction costs incurred. In subsequent periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value when using the effective interest rate. The difference between the proceeds and the nominal value is recognised in the income statement during the term of the loan.

Mortgage loans and bank loans are thus measured at amortised cost which, for cash loans, corresponds to the outstanding payables. For bond loans, the amortised cost corresponds to an outstanding payable calculated as the underlying cash value at the date of borrowing, adjusted by amortisation of the market value on the date of the borrowing effectuated over the repayment period.

Also, capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Liabilities other than provisions relating to investment properties are measured at amortised cost.

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

Accruals and deferred income

Payments received concerning future income are recognised under accruals and deferred income.

Statement of cash flows

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

The effect on cash flows derived from the acquisition and sale of enterprises appears separately under cash flows from investment activities. In the statement of cash flows, cash flows derived from acquirees are recognised as of the date of acquisition, and cash flows derived from sold enterprises are recognised until the date of sale.

Cash flows from operating activities

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

Cash flows from investment activities

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

Accounting policies

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and shortterm financial instruments with a term of less than 3 months, which can easily be converted into cash and cash equivalents and are associated with an insignificant risk of value change.