

# 2020

Annual report for 2020

**Nature Energy Støvring A/S**  
**Ørbækvej 260, 5220 Odense SØ**  
**CVR no. 27 06 24 66**

Adopted at the annual  
general meeting on  
8 April 2021

Jacob Federspiel  
chairman

**nature**  
**energy**

## Table of contents

	<b>Page</b>
<b>Statements</b>	
Statement by management on the annual report	1
Independent auditor's report	2
<b>Management's review</b>	
Company details	5
Financial highlights	6
Management's review	7
<b>Financial statements</b>	
Income statement 1 January - 31 December	9
Balance sheet 31 December	10
Statement of changes in equity	12
Notes to the annual report	13
Accounting policies	21

## **Statement by management on the annual report**

The supervisory and executive boards have today discussed and approved the annual report of Nature Energy Støvring 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 give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 8 April 2021

### **Executive board**

Hans Henrik Dahl Andersen  
director

### **Supervisory board**

Ole Hvelplund  
chairman

Kim Kragelund

Hans Henrik Dahl Andersen

Helene Kure Løftgaard

# Independent auditor's report

*To the shareholder of Nature Energy Støvring A/S*

## **Opinion**

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2020 and of the results of the company's operations for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Nature Energy Støvring A/S for the financial year 1 January - 31 December 2020, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

## **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 company 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.

## **Management's responsibilities for the financial statements**

Management is responsible for the preparation of 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 the 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 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 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:

## Independent auditor's report

- 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 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 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 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.

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

### **Statement on management's review**

Management is responsible for management's review.

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

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

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

## Independent auditor's report

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

Odense, 8 April 2021

PricewaterhouseCoopers  
statsautoriseret revisionspartnerselskab  
CVR no. 33 77 12 31

Mads Melgaard  
statsautoriseret revisor  
MNE no. mne34354

Claus Damhave  
statsautoriseret revisor  
MNE no. mne34166

## Company details

Nature Energy Støvring A/S  
Ørbækvej 260  
5220 Odense SØ

E-mail: stovring@natureenergy.dk

CVR-no. 27 06 24 66

Financial year: 1 January - 31 December 2020

Domicile: Odense

### Supervisory Board

Ole Hvelplund, chairman  
Kim Kragelund  
Hans Henrik Dahl Andersen  
Helene Kure Løftgaard

### Executive Board

Hans Henrik Dahl Andersen, director

### Auditors

PricewaterhouseCoopers  
statsautoriseret revisionspartnerselskab  
Munkebjergvænget 1, 3.  
5230 Odense M

### Bankers

Danske Bank

### Consolidated financial statements

The Company is included in the consolidated financial statements of the parent company NGF Partnership K/S

## Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

	2020	2019	2018	2017	2016
	MDKK	MDKK	MDKK	MDKK	MDKK
<b>Key figures</b>					
Gross profit/loss	51	61	7	20	14
EBITDA	25	31	-13	1	-4
Profit/loss before net financials	24	29	-26	0	-5
Profit/loss for the year	-6	20	-28	1	-3
Balance sheet total	286	216	136	142	99
Equity	52	58	37	66	68
Number of employees	36	47	58	58	67
Return on assets	9.6%	16.5%	-18.7%	0.0%	-4.2%
Solvency ratio	18.2%	26.9%	27.2%	46.5%	68.7%
Return on equity	-10.9%	42.1%	-54.4%	1.5%	-4.4%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies..

Due to the merger in 2019, comparative figures have been adjusted back from 2018.

## **Management's review**

### **Business review**

The company's purpose is to conduct business in the field of environment and energy. The company designs and builds turnkey biogas plants.

### **Recognition and measurement uncertainties**

Measurement of the company's work in progress includes an estimate of the stage of completion. For particularly large projects actual realization can lead to minor positive or negative deviations from the recognized estimates.

### **Unusual matters**

No unusual matters have effected the company's financial position at 31 December 2020 and the results of its operations and cash flows for the financial year ended 31 December 2020.

### **Financial review**

The company's income statement for the year ended 31 December 2020 shows a loss of TDKK 5,840, and the balance sheet at 31 December 2020 shows equity of TDKK 51,679.

COVID-19 has not effected the company's performance.

### **Significant events occurring after the end of the financial year**

No events have occurred after the balance sheet date, which could significantly effect the company's financial position.

### **Objectives and expectations for the coming year**

The company acts as the Group's EPC business by primarily serve the Group companies. The company expects a profit for next year in the range of TDKK 15,000 to TDKK 25,000.

### **Knowledge resources**

The company has no research and development activities.

### **External environment**

The company's work with the design and construction of turnkey biogas plants follows the authorities' instructions. Nature Energy Størvring A/S's business does not have a special impact on the external environment.

### **The past year and follow-up on last year's expected development**

Last year's expectation concerning the realized result 2020 has been realized at a satisfactory level.

## Management's review

### **Special risks - operational risks and financial risks**

#### Operating risks:

The company seeks to eliminate or reduce operational risk in collaborations with external partners, advice from external specialists and not least through building relevant competencies in the Nature Energy companies.

#### Market risks:

The company's most significant risk is the ability to obtain new projects.

#### Currency risks:

The company's activities concerning sales and purchases are primarily made in Danish kroner or euros which entail that the exchange rates effects the result, cash flow and equity of the company.

## Income statement 1 January - 31 December

	Note	2020 TDKK	2019 TDKK
<b>Gross profit</b>		<b>51,109</b>	<b>61,204</b>
Staff costs	1	-26,133	-30,461
<b>Profit/loss before amortisation/depreciation and impairment losses</b>		<b>24,976</b>	<b>30,743</b>
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-684	-755
Other operating costs		-505	-572
<b>Profit/loss before net financials</b>		<b>23,787</b>	<b>29,416</b>
Income from investments in subsidiaries	2	-6,011	-2,760
Financial income	3	1,481	1,628
Financial costs	4	-15,392	-1,673
<b>Profit/loss before tax</b>		<b>3,865</b>	<b>26,611</b>
Tax on profit/loss for the year	6	-9,705	-6,284
<b>Profit/loss for the year</b>		<b>-5,840</b>	<b>20,327</b>
Distribution of profit	7		

## Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
<b>Assets</b>			
Completed development projects		0	0
Acquired patents		0	0
Software		35	66
<b>Intangible assets</b>	8	<b>35</b>	<b>66</b>
Plant and machinery		884	1,252
Other fixtures and fittings, tools and equipment		449	482
Leasehold improvements		0	13
<b>Tangible assets</b>	9	<b>1,333</b>	<b>1,747</b>
Investments in subsidiaries	10	7,131	12,357
Other fixed asset investments	11	112	14,200
<b>Fixed asset investments</b>		<b>7,243</b>	<b>26,557</b>
<b>Total non-current assets</b>		<b>8,611</b>	<b>28,370</b>
Trade receivables		1,139	1,059
Contract work in progress	12	11,824	99,139
Receivables from group enterprises		258,527	68,146
Other receivables		1,272	372
Deferred tax asset	13	3,389	12,331
<b>Receivables</b>		<b>276,151</b>	<b>181,047</b>
<b>Cash at bank and in hand</b>		<b>1,641</b>	<b>6,466</b>
<b>Total current assets</b>		<b>277,792</b>	<b>187,513</b>
<b>Total assets</b>		<b>286,403</b>	<b>215,883</b>

## Balance sheet 31 December

	Note	2020 TDKK	2019 TDKK
<b>Equity and liabilities</b>			
Share capital		24,000	24,000
Foreign currency translation reserve		-537	0
Retained earnings		3,216	34,012
Proposed dividend for the year		25,000	0
<b>Equity</b>		<b>51,679</b>	<b>58,012</b>
Provisions relating to investments in group entities	10	245	0
Other provisions	14	651	1,521
<b>Total provisions</b>		<b>896</b>	<b>1,521</b>
Other payables		2,388	1,057
<b>Total non-current liabilities</b>	15	<b>2,388</b>	<b>1,057</b>
Trade payables		42,115	86,334
Prepayments received recognised in debt	12	147,854	53,250
Payables to group enterprises		2,795	9,744
Corporation tax		1,810	1,047
Other payables	15	36,866	4,918
<b>Total current liabilities</b>		<b>231,440</b>	<b>155,293</b>
<b>Total liabilities</b>		<b>233,828</b>	<b>156,350</b>
<b>Total equity and liabilities</b>		<b>286,403</b>	<b>215,883</b>
Significant events occurring after the end of the financial year	16		
Rent and lease liabilities	17		
Contingent liabilities	18		
Mortgages and collateral	19		
Related parties and ownership structure	20		

## Statement of changes in equity

	Share capital	Foreign currency translation reserve	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2020	24,000	0	34,012	0	58,012
Exchange adjustments	0	-537	44	0	-493
Net profit/loss for the year	0	0	-30,840	25,000	-5,840
<b>Equity at 31 December 2020</b>	<b>24,000</b>	<b>-537</b>	<b>3,216</b>	<b>25,000</b>	<b>51,679</b>

## Notes

	2020 <small>TDKK</small>	2019 <small>TDKK</small>
<b>1 Staff costs</b>		
Wages and salaries	24,257	28,830
Pensions	667	176
Other social security costs	145	366
Other staff costs	1,064	1,089
	<b>26,133</b>	<b>30,461</b>
<b>Including remuneration to the Executive</b>	<b>0</b>	<b>1,466</b>
Average number of employees	36	47
<p>According to the Financial Statements Act § 98 B sec. 3, the remuneration to the Executive Board and the Board of Directors has been omitted for 2020.</p>		
<b>2 Income from investments in subsidiaries</b>		
Share of profits of subsidiaries	-5,626	-2,628
Amortisation of goodwill	-385	-132
	<b>-6,011</b>	<b>-2,760</b>
<b>3 Financial income</b>		
Interest received from subsidiaries	301	1,036
Other financial income	1,162	583
Exchange adjustments	18	9
	<b>1,481</b>	<b>1,628</b>

## Notes

	<u>2020</u> TDKK	<u>2019</u> TDKK
<b>4 Financial costs</b>		
Impairment losses on financial assets	14,088	0
Financial expenses, group entities	156	212
Other financial costs	1,148	1,461
	<u><b>15,392</b></u>	<u><b>1,673</b></u>
<b>5 Special items</b>		
Impairment losses on fixed assets investments	-14,088	0
	<u><b>-14,088</b></u>	<u><b>0</b></u>
<b>6 Tax on profit/loss for the year</b>		
Current tax for the year	1,810	1,047
Deferred tax for the year	3,479	5,431
Adjustment of tax concerning previous years	-1,047	-925
Adjustment of deferred tax concerning previous years	5,463	731
	<u><b>9,705</b></u>	<u><b>6,284</b></u>
<b>7 Distribution of profit</b>		
Proposed dividend for the year	25,000	0
Retained earnings	-30,840	20,327
	<u><b>-5,840</b></u>	<u><b>20,327</b></u>

## Notes

### 8 Intangible assets

	Completed development projects	Acquired patents	Software	Total
Cost at 1 January 2020	2,695	31,028	4,612	38,335
Cost at 31 December 2020	2,695	31,028	4,612	38,335
Impairment losses and amortisation at 1 January 2020	2,695	31,028	4,547	38,270
Amortisation for the year	0	0	30	30
Impairment losses and amortisation at 31 December 2020	2,695	31,028	4,577	38,300
<b>Carrying amount at 31 December 2020</b>	<b>0</b>	<b>0</b>	<b>35</b>	<b>35</b>

Completed development projects relate to the development and testing of machines for transporting biomass. The development activities were completed in 2014 and depreciated over 5 years.

## Notes

### 9 Tangible assets

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 January 2020	3,946	1,528	262	5,736
Additions for the year	0	239	0	239
Cost at 31 December 2020	3,946	1,767	262	5,975
Impairment losses and depreciation at 1 January 2020	2,694	1,046	249	3,989
Depreciation for the year	368	272	13	653
Impairment losses and depreciation at 31 December 2020	3,062	1,318	262	4,642
<b>Carrying amount at 31 December 2020</b>	<b>884</b>	<b>449</b>	<b>0</b>	<b>1,333</b>

## Notes

	2020 TDKK	2019 TDKK
<b>10 Investments in subsidiaries</b>		
Cost at 1 January 2020	34,098	34,098
Disposals for the year	-2,422	0
Cost at 31 December 2020	<u>31,676</u>	<u>34,098</u>
Revaluations at 1 January 2020	-21,742	-22,357
Disposals for the year	119	0
Exchange adjustment	-537	530
Net profit/loss for the year	-5,626	-2,628
Other equity movements, net	0	-261
Amortisation of goodwill	-385	-132
Equity investments with negative net asset value amortised over receivables	3,381	3,107
Equity investments with negative net asset value transferred to provisions	245	0
Revaluations at 31 December 2020	<u>-24,545</u>	<u>-21,741</u>
<b>Carrying amount at 31 December 2020</b>	<b><u>7,131</u></b>	<b><u>12,357</u></b>

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Nature Energy UK Limited	England	100%
Nature Energy France SAS	France	100%
Xergi Biogas GmbH	Germany	100%

## Notes

### 11 Fixed asset investments

	Other fixed asset investments
Cost at 1 January 2020	14,200
Cost at 31 December 2020	14,200
Impairment losses for the year	14,088
Impairment losses at 31 December 2020	14,088
<b>Carrying amount at 31 December 2020</b>	<b>112</b>

### 12 Contract work in progress

	2020 TDKK	2019 TDKK
Work in progress, selling price	583,867	551,627
Work in progress, payments received on account	-719,897	-505,738
	<b>-136,030</b>	<b>45,889</b>
Recognised in the balance sheet as follows:		
Contract work in progress under assets	11,824	99,139
Prepayments received under liabilities	-147,854	-53,250
	<b>-136,030</b>	<b>45,889</b>

### 13 Provision for deferred tax

Provision for deferred tax at 1 January 2020	-12,331	-18,493
Deferred tax recognised in income statement	8,942	6,162
Transferred to deferred tax asset	3,389	12,331
	<b>0</b>	<b>0</b>
<b>Deferred tax asset</b>		
Calculated tax asset	3,389	12,331
<b>Carrying amount</b>	<b>3,389</b>	<b>12,331</b>

The recognized tax asset consists primarily of different depreciation on tangibile and intangibile assets.

## Notes

	2020 TDKK	2019 TDKK
<b>14 Other provisions</b>		
Balance at beginning of year at 1 January 2020	1,521	3,291
Provision in year	590	2,720
Applied in the year	-1,460	-4,490
<b>Balance at 31 December 2020</b>	<b>651</b>	<b>1,521</b>

The expected due dates of other provisions are:

Within one year	503	1,521
Between 1 and 5 years	148	0
<b>Balance at 31 December 2020</b>	<b>651</b>	<b>1,521</b>

Guarantee provisions include the company's guarantee for completed projects in accordance with the AB rules.

### 15 Long term debt

#### Other payables

After 5 years	2,388	1,057
Non-current portion	2,388	1,057
Other short-term other debt	36,866	4,918
Current portion	36,866	4,918
	<b>39,254</b>	<b>5,975</b>

### 16 Significant events occurring after the end of the financial year

No significant events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.

### 17 Rent and lease liabilities

Operating lease liabilities.

Total future lease payments:

Within 1 year	1,385	1,624
Between 1 and 5 years	62	143
	<b>1,447</b>	<b>1,767</b>

## Notes

### 18 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of due corporation tax payable is stated in the annual report of NGF Partnership K/S, which is the company that administers co-taxation. Furthermore, the Group's Danish companies are jointly and severally liable for Danish taxes in the form of dividend tax and interest tax. Any subsequent corrections to corporate taxes may increase the Company's commitment.

### 19 Mortgages and collateral

The company has provided payment guarantee of TDKK 79 (2019: TDKK 281) to third parties.

The company has provided a support letter to subsidiary Nature Energy France SAS for the following year.

The company is unlimited jointly and severally liable to banks for the subsidiaries; Nature Energy Holsted A/S, Nature Energy Midtfyn A/S, Nature Energy Nordfyn A/S, Nature Energy Vaarst A/S, Nature Energy Kors kro A/S, Nature Energy Videbæk A/S, Nature Energy Hemmet ApS, Nature Energy Sdr. Vium ApS, Nature Energy Månsson A/S, Nature Energy Bånlev A/S, Nature Energy Green Gas Sales A/S, Nature Energy Glansager A/S and Nature Energy Green Transport A/S.

### 20 Related parties and ownership structure

#### Controlling interest

NGF Partnership K/S  
NGF Denmark Holding ApS  
NGF Nature Energy Biogas A/S

#### Transactions

Transactions with related parties have been made on market terms.

#### Consolidated financial statements

The Company is included in the consolidated financial statements of the parent company NGF Partnership K/S

## Accounting policies

The annual report of Nature Energy Støvring 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 are consistent with those of last year.

The annual report for 2020 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

### Changes in accounting policies

The Company's accounting policy has been changed in 2020 to reflect the amendments made to the Danish Financial Act. The change has resulted in reclassification between equity reserves. The change has not affected the net result for the year or the equity at year end.

### Basis of recognition and measurement

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 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 from 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.

### 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 Company.

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

## **Accounting policies**

Work in progress for third parties (construction contracts) is recognized as production is carried out, whereby the net turnover corresponds to the sales value of the work performed during the year (the production method). This method is used when the total revenue and costs of the construction contract and the degree of completion on the balance sheet date can be measured reliably and it is probable that the economic benefits, including payments, will access the company. Costs incurred in relation to the expected total are used as the degree of completion costs on the construction contract.

Services are recognized in line with the performance of the service to which the contract relates when using the production method, whereby the net turnover corresponds to the sales value of the service performed during the year. The method used when the total income and expenses on the service and the degree of completion on the balance sheet date can be calculated reliably and it is likely that the financial benefits, including payments, will accrue to the company. As a degree of completion, costs incurred in relation to the expected total costs are used the service

### **Raw materials and consumables**

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

### **Other operating income**

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

### **Other operating expenses**

Other operating expenses comprise items of a secondary nature relative to the company's activities, including losses on the sale of intangible assets and items of property, plant and equipment.

### **Other external expenses**

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

### **Staff costs**

Staff costs include wages and salaries, including compensated absence and pensions, as well as other social security contributions, etc. made to the entity's employees. The item is net of refunds made by public authorities.

### **Amortisation, depreciation and impairment losses**

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

## Accounting policies

### Financial income and expenses

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

### Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the company's income statement after full elimination of intra-group profits/losses.

### 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.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible assets

#### *Development projects, patents and licences*

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than years.

### Tangible assets

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

The depreciable amount is cost less the expected residual value at the end of the useful life.

## Accounting policies

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Plant and machinery	5-8	years
Other fixtures and fittings, tools and equipment	3-8	years
Leasehold improvements	5	years

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

### Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

### Investments in subsidiaries, associates and participating interests

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

The items "Investments in subsidiaries" and "Investments in associates" 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 with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

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

Investments in subsidiaries, associates and participating interests with a negative net asset value are measured at DKK 0, and the carrying amount of any receivables from these entities is reduced to the extent that they are considered irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the receivable, the balance is recognised under provisions.

## Accounting policies

### Other securities and investments, fixed assets

Investments are measured at cost. In cases where the cost price exceeds the recoverable amount, it is written down to this lower value.

### Impairment of fixed assets

The carrying amount of intangible assets and other investments 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.

### Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

### Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the expected aggregate income from the individual work in progress. The stage of completion is determined as the share of the expenses incurred relative to the expected total expenses for the individual work in progress.

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

The individual work in progress is recognised in the balance sheet under receivables or payables. Net assets comprise the sum of work in progress where the selling price of the work performed exceeds invoicing on account. Net liabilities comprise the sum of work in progress where invoicing on account exceeds the selling price.

Selling costs and costs incurred in securing contracts are recognised in the income statement as incurred.

### Special items

Special items relate to impairment losses on fixed assets investments.

### Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

## Accounting policies

### Equity

#### Dividends

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

#### Provisions

Provisions comprise expected expenses relating to warranty commitments, losses on work in progress, restructuring, etc. Provisions are recognised when, as a result of a past event, the company has a legal or constructive obligation and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Warranty commitments include expenses for remedial action within the warranty period of 1-5 years. Provisions for warranty commitments are measured and recognised based on experience gained from guarantee work. Provisions with an expected maturity of more than one year from the balance sheet date are discounted using a rate that reflects the risk and maturity of the liability.

#### Income tax and deferred tax

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.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

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

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax adjustments resulting from changes in tax rates are recognised in the income statement, with the exception of items taken directly to equity.

#### Liabilities

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

The compensated absence commitment which the company's employees earn during the transitional period from 1 September 2019 to 31 August 2020, is administered by the company and is paid in to the Danish Holiday Fund before the employee reaches the pensionable age. Other debt is measured at amortised cost, which usually corresponds to the nominal value.

## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

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

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

### Cash flow statement

No cash flow statement has been prepared for the parent company, as the parent company's cash flows are included in the consolidated cash flow statement, see section 86(4) of the Danish Financial Statements Act.

### Financial highlights

Definitions of financial ratios.

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