

Eurowater Holding A/S

Ved Vigen 28, 2400 København NV

CVR no. 27 06 91 50

Annual report

for the year 1 November 2019 - 31 October 2020

Approved at the Company's annual general meeting on 15 February 2021

Chair of the meeting:



.....





Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Financial statements 1 November 2019 - 31 October 2020	5
Income statement	5
Balance sheet	6
Statement of changes in equity	8
Notes to the financial statements	9



Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Eurowater Holding A/S for the financial year 1 November 2019 - 31 October 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 financial position of the Company at 31 October 2020 and of the results of the Company's operations for the financial year 1 November 2019 - 31 October 2020.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

København, 15 February 2021
Executive Board:

Kurt Hufnagl

Board of Directors:

Harry Olavi Viiala
Chairman

Kurt Hufnagl

Torben Buhl

Independent auditor's report

To the shareholder of Eurowater Holding A/S

Opinion

We have audited the financial statements of Eurowater Holding A/S for the financial year 1 November 2019 - 31 October 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 October 2020 and of the results of the Company's operations for the financial year 1 November 2019 - 31 October 2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 rules and requirements.

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 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 as to 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 the 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 internal control.

Independent auditor's report

- ▶ 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 note 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 the Management's review

Management is responsible for the Management's review.


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


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

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

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

Aarhus, 15 February 2021
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28


Jes Lauritzen
State Authorised Public Accountant
mne10121


Jonas Busk
State Authorised Public Accountant
mne42771



Financial statements 1 November 2019 - 31 October 2020

Income statement

Note	DKK'000	2019/20	2018/19
	Other external expenses	-13,699	-53
	Gross profit	-13,699	-53
	Income from investments in group enterprises	524,814	37,671
3	Financial income	394	438
4	Financial expenses	-87	-884
	Profit before tax	511,422	37,172
5	Tax for the year	-1,481	112
	Profit for the year	509,941	37,284

Recommended appropriation of profit

Proposed dividend recognised under equity	470,000	10,500
Net revaluation reserve according to the equity method	0	37,671
Retained earnings/accumulated loss	39,941	-10,887
	509,941	37,284



Financial statements 1 November 2019 - 31 October 2020

Balance sheet

Note	DKK'000	2019/20	2018/19
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Goodwill	0	0
		<u>0</u>	<u>0</u>
7	Investments		
	Investments in group enterprises	0	167,342
	Other receivables	138,000	0
		<u>138,000</u>	<u>167,342</u>
	Total fixed assets	<u>138,000</u>	<u>167,342</u>
	Non-fixed assets		
	Receivables		
	Receivables from group enterprises	0	16,095
8	Deferred tax assets	0	49
	Corporation tax receivable	774	674
	Joint taxation contribution receivable	148	3,026
		<u>922</u>	<u>19,844</u>
	Cash	<u>579,862</u>	<u>0</u>
	Total non-fixed assets	<u>580,784</u>	<u>19,844</u>
	TOTAL ASSETS	<u>718,784</u>	<u>187,186</u>



Financial statements 1 November 2019 - 31 October 2020

Balance sheet

Note	DKK'000	2019/20	2018/19
	EQUITY AND LIABILITIES		
	Equity		
9	Share capital	14,000	14,000
	Net revaluation reserve according to the equity method	0	114,012
	Retained earnings	186,308	34,946
	Dividend proposed	470,000	10,500
	Total equity	670,308	173,458
	Liabilities other than provisions		
	Non-current liabilities other than provisions		
	Other long-term liabilities	0	3,125
		0	3,125
	Current liabilities other than provisions		
	Short-term part of long-term liabilities other than provisions	0	7,500
	Bank debt	0	3
	Trade payables	12,878	57
	Corporation tax payable	1,458	3,043
	Other payables	34,140	0
		48,476	10,603
	Total liabilities other than provisions	48,476	13,728
	TOTAL EQUITY AND LIABILITIES	718,784	187,186

- 1 Accounting policies
- 2 Special items
- 10 Contractual obligations and contingencies, etc.
- 11 Collateral

Financial statements 1 November 2019 - 31 October 2020

Statement of changes in equity

DKK'000	Share capital	Net revaluation reserve according to the equity method	Retained earnings	Dividend proposed	Total
Equity at 1 November 2019	14,000	114,012	34,946	10,500	173,458
Disposals on demerger/corporate sale	0	-110,399	110,399	0	0
Transfer through appropriation of profit	0	0	39,941	470,000	509,941
Other value adjustments of equity	0	-2,591	0	0	-2,591
Profit/loss in subsidiaries	0	-18,978	-18,978	0	0
Distributed dividend from group enterprises	0	-20,000	20,000	0	0
Dividend distributed	0	0	0	-10,500	-10,500
Equity at 31 October 2020	14,000	0	186,308	470,000	670,308

Financial statements 1 November 2019 - 31 October 2020

Notes to the financial statements

1 Accounting policies

The annual report of Eurowater Holding A/S for 2019/20 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to reporting class B entities and elective choice of certain provisions applying to reporting class C entities.

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Income statement

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to administration etc.

Profit from investments in subsidiaries

A proportionate share of the underlying entities' profit/loss after tax is recognised in the income statement according to the equity method. Shares of profit/loss after tax in subsidiaries are presented as separate line items in the income statement. Full elimination of intra-group gains/losses is made for equity investments in subsidiaries.

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

The parent company is covered by the Danish rules on mandatory joint taxation of the Group's Danish subsidiaries. Subsidiaries are included in the joint taxation arrangement from the date at which they are included in the consolidated financial statements and up to the date when they are no longer consolidated.

The parent company acts as management company for the joint taxation arrangement and consequently settles all corporate income tax payments with the tax authorities.

On payment of joint taxation contributions, the Danish corporate income tax charge is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use the tax losses to reduce their own taxable income.

Tax for the year, which comprises the current income tax charge, joint taxation contributions and deferred tax adjustments, including adjustments arising from changes in tax rates, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Financial statements 1 November 2019 - 31 October 2020

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is 15 years. The goodwill relates to trademarks and rights with a long useful life.

Investments in subsidiaries

Equity investments in subsidiaries and associates are measured according to the equity method.

On initial recognition, equity investments in subsidiaries are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Gains or losses on disposal of subsidiaries and associates are made up as the difference between the sales price and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated costs of disposal. Gains or losses are recognised in the income statement as financial income or financial expenses.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Financial statements 1 November 2019 - 31 October 2020

Notes to the financial statements

1 Accounting policies (continued)

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

As management company for all the entities in the joint taxation arrangement, the parent company is liable for payment of the subsidiaries' income taxes vis à vis the tax authorities as the subsidiaries pay their joint taxation contributions. Joint taxation contributions payable or receivable are recognised in the balance sheet as income tax receivables or payables.

Financial statements 1 November 2019 - 31 October 2020

Notes to the financial statements

1 Accounting policies (continued)

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

2 Special items

Eurowater Holding A/S has entered into an agreement of selling 100 % of the shares in Silhorko-Eurowater A/S. Closing of the transaction was in line with the Share Purchase Agreement effectuated at 30 October 2020 and the gain from disposal has effected the result significantly.

DKK'000	2019/20	2018/19
3 Financial income		
Interest receivable, group entities	395	438
Other financial income	-1	0
	<u>394</u>	<u>438</u>
4 Financial expenses		
Interest expense, subordinate loan capital	0	700
Other financial expenses	87	184
	<u>87</u>	<u>884</u>
5 Tax for the year		
Estimated tax charge for the year	1,432	-109
Deferred tax adjustments in the year	49	-3
	<u>1,481</u>	<u>-112</u>
6 Intangible assets		
DKK'000		<u>Goodwill</u>
Cost at 1 November 2019		36,179
Disposals		-36,179
Cost at 31 October 2020		<u>0</u>
Impairment losses and amortisation at 1 November 2019		36,179
Reversal of accumulated amortisation and impairment of assets disposed		-36,179
Impairment losses and amortisation at 31 October 2020		<u>0</u>
Carrying amount at 31 October 2020		<u>0</u>

Financial statements 1 November 2019 - 31 October 2020

Notes to the financial statements

7 Investments

DKK'000	Investments in group enterprises	Other receivables	Total
Cost at 1 November 2019	53,330	0	53,330
Additions	8,890	138,000	146,890
Disposals	-62,220	0	-62,220
Cost at 31 October 2020	0	138,000	138,000
Value adjustments at 1 November 2019	114,012	0	114,012
Dividend received	-20,000	0	-20,000
Profit/loss for the year	18,978	0	18,978
Changes in equity	-2,591	0	-2,591
Reversal of adjustments of investments disposed	-110,399	0	-110,399
Carrying amount at 31 October 2020	0	138,000	138,000

8 Deferred tax assets

The deferred tax asset is related to tax loss carryforwards.

9 Share capital

The Company's share capital has remained DKK 14,000 thousand in the past year.

10 Contractual obligations and contingencies, etc.

Other contingent liabilities

As management company, the Company is jointly taxed with other Danish group entities in the Silhorko Eurowater A/S group and is jointly and severally with other jointly taxed group entities for payment of income taxes until 30 October 2020, as well as withholding taxes on interest.

In the Share Purchase Agreement in relation to the disposal of the shares in Silhorko-Eurowater A/S is included common representations and warranties from the seller (the Company). It is considered unlikely that this will lead to liabilities for the Company.

11 Collateral

The Company has not provided any security or other collateral in assets at 31 October 2020.