



Integrated Gas Technologies ApS

Gydevang 39-41
3450 Allerød
CVR No. 27987702

Annual report 2020

The Annual General Meeting adopted the
annual report on 31.08.2021

Tom Lundquist

Chairman of the General Meeting

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Entity details

Entity

Integrated Gas Technologies ApS

Gydevang 39-41

3450 Allerød

Business Registration No.: 27987702

Registered office: Allerød

Financial year: 01.01.2020 - 31.12.2020

Executive Board

Tom Lundquist

Peter Billy Jacobsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management on the annual report

The Executive Board have today considered and approved the annual report of Integrated Gas Technologies ApS for the financial year 01.01.2020 - 31.12.2020

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 31.08.2021

Executive Board

Tom Lundquist

Peter Billy Jacobsen

Independent auditor's report

To the shareholders of Integrated Gas Technologies ApS

Report on the audit of the consolidated financial statements and the parent financial statements

Opinion

We have audited the consolidated financial statements and the parent financial statements of Integrated Gas Technologies ApS for the financial year 01.01.2020 - 31.12.2020, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2020 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2020 - 31.12.2020 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board of 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 consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent 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 consolidated financial statements and the parent financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements, and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

Moreover, 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 conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 the management commentary.

Report on other legal and regulatory requirements**Violation of company law on provisions on lending to shareholders**

In violation of the company law, the company has granted a loan to one or more shareholders, whereby the management may incur liability.

Copenhagen, 31.08.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

René Carøe Andersen

State Authorised Public Accountant
Identification No (MNE) mne34499

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000
Key figures			
Gross profit/loss	19,987	16,319	10,213
Operating profit/loss	3,607	896	(1,098)
Net financials	(2,702)	(131)	(984)
Profit/loss for the year	2	400	(2,569)
Balance sheet total	70,261	54,254	57,606
Investments in property, plant and equipment	1,922	521	731
Equity	19,985	18,165	17,867
Cash flows from operating activities	5,257	4,432	(3,555)
Cash flows from investing activities	(1,873)	250	(567)
Cash flows from financing activities	(383)	262	7,548
Ratios			
Return on equity (%)	1,76	2,22	(28,76)
Equity ratio (%)	28.44	33.48	31.02

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity * 100

Balance sheet total

Primary activities

The Company's primary activities are to carry on development, manufacturing, marketing and sale of natural gas regulators as well as any related business.

Development in activities and finances

The consolidated profit for the year amounts to DKK 0.3 million compared to a loss of DKK 0,4 million the year before.

Profit/loss for the year in relation to expected developments

The 2020 profit was impacted by the Covid pandemic - despite the closure for 2-3 month of our factories in China and India we have exceeded the 2019 sales revenue for the year and the result based here on is meeting expectations.

Outlook

The outlook for 2021 is a strong growth based on an strong order intake and booked orders in excess of 200% vs the 2020 level. Despite the 10 fold increased container freight rates, profits for 2021 will exceed 2020 significantly due to fixed cost being almost unchanged.

IGT has during 2020 won a market leader position in the European market - overall a development that will be strengthened in 2021.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		19,986,977	16,319,106
Staff costs	1	(15,916,474)	(13,993,538)
Depreciation, amortisation and impairment losses		(456,367)	(922,010)
Other operating expenses		(7,609)	(507,673)
Operating profit/loss		3,606,527	895,885
Other financial income	2	78,316	466,841
Other financial expenses	3	(2,780,733)	(597,370)
Profit/loss before tax		904,110	765,356
Tax on profit/loss for the year	4	(902,382)	(365,701)
Profit/loss for the year	5	1,728	399,655

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired intangible assets		285	291
Acquired rights		412,752	574,536
Intangible assets	6	413,037	574,827
Other fixtures and fittings, tools and equipment		4,589,813	3,602,432
Property, plant and equipment	7	4,589,813	3,602,432
Other investments		942	1,034
Deposits		208,828	212,210
Deferred tax	9	436,234	175,479
Financial assets	8	646,004	388,723
Fixed assets		5,648,854	4,565,982
Raw materials and consumables		4,578,318	2,210,156
Work in progress		2,857,832	785,552
Manufactured goods and goods for resale		13,597,905	11,126,599
Prepayments for goods		323,274	0
Inventories		21,357,329	14,122,307
Trade receivables		25,898,024	22,001,542
Other receivables		1,088,850	1,407,146
Receivables from owners and management	10	1,186,972	0
Prepayments	11	857,965	1,284,919
Receivables		29,031,811	24,693,607
Cash		14,222,924	10,872,366
Current assets		64,612,064	49,688,280
Assets		70,260,918	54,254,262

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		400,000	400,000
Retained earnings		19,331,946	17,765,411
Equity		19,731,946	18,165,411
Prepayments received from customers		402,064	0
Payables to owners and management		6,057,600	6,781,200
Other payables	12	629,812	224,122
Non-current liabilities other than provisions	13	7,089,476	7,005,322
Bank loans		0	221,325
Deposits		2,891,790	3,287,700
Prepayments received from customers		0	138,876
Trade payables		28,875,423	20,324,344
Payables to owners and management		2,209,608	2,356,762
Tax payable		249,113	253,398
Other payables	14	9,213,562	2,501,124
Current liabilities other than provisions		43,439,496	29,083,529
Liabilities other than provisions		50,528,972	36,088,851
Equity and liabilities		70,260,918	54,254,262
Unrecognised rental and lease commitments	16		
Contingent liabilities	17		
Subsidiaries	18		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	17,765,411	18,165,411
Exchange rate adjustments	0	1,564,807	1,564,807
Profit/loss for the year	0	1,728	1,728
Equity end of year	400,000	19,331,946	19,731,946

Consolidated cash flow statement for 2020

	Notes	2020 DKK	2019 DKK
Operating profit/loss		3,606,527	895,885
Amortisation, depreciation and impairment losses		456,367	922,010
Other provisions		287,607	162,164
Working capital changes	15	3,008,351	3,004,624
Other adjustments		180,041	61,958
Cash flow from ordinary operating activities		7,538,893	5,046,641
Financial income received		78,315	466,841
Financial expenses paid		(1,193,697)	(597,452)
Taxes refunded/(paid)		(1,166,540)	(484,265)
Cash flows from operating activities		5,256,971	4,431,765
Acquisition etc. of intangible assets		0	(520,870)
Acquisition etc. of property, plant and equipment		(1,922,100)	0
Sale of property, plant and equipment		48,994	622,623
Sale of fixed asset investments		0	148,280
Cash flows from investing activities		(1,873,106)	250,033
Free cash flows generated from operations and investments before financing		3,383,865	4,681,798
Loans raised		0	261,800
Repayments of loans etc.		(383,494)	0
Cash flows from financing activities		(383,494)	261,800
Increase/decrease in cash and cash equivalents		3,000,371	4,943,598
Cash and cash equivalents beginning of year		10,651,041	5,808,394
Currency translation adjustments of cash and cash equivalents		571,512	(100,951)
Cash and cash equivalents end of year		14,222,924	10,651,041

Cash and cash equivalents at year-end are composed of:

Cash	14,222,924	10,872,366
Short-term bank loans	0	(221,325)
Cash and cash equivalents end of year	14,222,924	10,651,041

Notes to consolidated financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	15,591,392	13,472,261
Pension costs	99,984	99,984
Other social security costs	20,063	21,405
Other staff costs	205,035	399,888
	15,916,474	13,993,538
Average number of full-time employees	190	190

2 Other financial income

	2020 DKK	2019 DKK
Other interest income	42,745	8,899
Exchange rate adjustments	0	457,942
Other financial income	35,571	0
	78,316	466,841

3 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from associates	337,125	400,082
Other interest expenses	139,442	63,834
Exchange rate adjustments	1,587,036	0
Interest expenses from tax paid on account	882	82
Other financial expenses	716,248	133,372
	2,780,733	597,370

4 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	1,251,483	253,398
Change in deferred tax	(349,101)	112,303
	902,382	365,701

5 Proposed distribution of profit/loss

	2020 DKK	2019 DKK
Retained earnings	1,728	399,655
	1,728	399,655

6 Intangible assets

	Acquired intangible assets DKK	Acquired rights DKK
Cost beginning of year	5,829	4,296,113
Exchange rate adjustments	(120)	0
Cost end of year	5,709	4,296,113
Amortisation and impairment losses beginning of year	(5,538)	(3,721,577)
Exchange rate adjustments	114	0
Amortisation for the year	0	(161,784)
Amortisation and impairment losses end of year	(5,424)	(3,883,361)
Carrying amount end of year	285	412,752

7 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	7,162,489
Exchange rate adjustments	(397,804)
Additions	1,922,100
Disposals	(204,129)
Cost end of year	8,482,656
Depreciation and impairment losses beginning of year	(3,560,057)
Exchange rate adjustments	161,576
Impairment losses for the year	(216,667)
Depreciation for the year	(432,830)
Reversal regarding disposals	155,135
Depreciation and impairment losses end of year	(3,892,843)
Carrying amount end of year	4,589,813

8 Financial assets

	Other investments DKK	Deposits DKK	Deferred tax DKK
Cost beginning of year	1,034	212,210	175,479
Exchange rate adjustments	(92)	(20,520)	0
Additions	0	17,138	0
Disposals	0	0	260,755
Cost end of year	942	208,828	436,234
Carrying amount end of year	942	208,828	436,234

9 Deferred tax

	2020 DKK	2019 DKK
Changes during the year		
Beginning of year	175,479	261,382
Recognised in the income statement	260,755	(85,903)
End of year	436,234	175,479

10 Receivables from owners and management

	Executive Board DKK
Receivables	1,186,972
Interest rate (%)	10,05%

11 Prepayments

Prepayments comprise costs prepaid regarding insurance and purchase of goods.

12 Other payables

	2020 DKK	2019 DKK
Holiday pay obligation	178,258	61,958
Accrued interest	1,783	0
Other costs payable	449,771	162,164
	629,812	224,122

13 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Prepayments received from customers	402,064
Payables to owners and management	6,057,600
Other payables	629,812
	7,089,476

14 Other payables

	2020 DKK	2019 DKK
VAT and duties	354,636	77,294
Wages and salaries, personal income taxes, social security costs, etc. payable	2,440,740	2,025,340
Holiday pay obligation	105,664	146,027
Other costs payable	6,312,522	252,463
	9,213,562	2,501,124

15 Changes in working capital

	2020 DKK	2019 DKK
Increase/decrease in inventories	(7,235,022)	(731,880)
Increase/decrease in receivables	(4,338,204)	8,442,645
Increase/decrease in trade payables etc.	14,581,577	(4,120,934)
Other changes	0	(585,207)
	3,008,351	3,004,624

16 Unrecognised rental and lease commitments

	2020 DKK	2019 DKK
Total liabilities under rental or lease agreements until maturity	4,558,713	1,375,415

17 Contingent liabilities

In connection with the establishment of manufacturing and sales activities through a subsidiary in India, the Group has not yet been able to obtain the necessary manufacturing permission. Moreover, the Group is not fully compliant with the local tax conditions in India and China.

The subsidiaries in India are in the process of obtaining the necessary permission from the relevant authorities and remedying the tax conditions to comply with local tax law. It is uncertain whether the rectification may involve requirements or penalties by the authorities, customers, etc.

18 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Integrated Gas Control Technologies	India	Ltd.	99,3	(11,071,301)	(3,275,744)
IGT Far East Ltd.	Hong Kong	Ltd.	100	242,164	43,778
Ningbo Shuai Xian Regulator Co., Ltd.	China	Ltd.	100	24,416,115	2,651,973

Parent income statement for 2020

	Notes	2020 DKK	2019 DKK
Gross profit/loss		3,518,774	3,138,546
Staff costs	1	(2,335,826)	(1,963,176)
Depreciation, amortisation and impairment losses	2	(225,570)	(189,994)
Operating profit/loss		957,378	985,376
Other financial income	3	1,174,155	662,428
Other financial expenses	4	(2,728,622)	(3,390,527)
Profit/loss before tax		(597,089)	(1,742,723)
Tax on profit/loss for the year	5	(360,113)	(242,037)
Profit/loss for the year	6	(957,202)	(1,984,760)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK	2019 DKK
Acquired rights		412,752	574,536
Intangible assets	7	412,752	574,536
Other fixtures and fittings, tools and equipment		165,805	229,591
Property, plant and equipment	8	165,805	229,591
Investments in group enterprises		17,728,000	17,728,000
Deposits		34,368	34,368
Financial assets	9	17,762,368	17,762,368
Fixed assets		18,340,925	18,566,495
Manufactured goods and goods for resale		9,934,876	6,865,862
Inventories		9,934,876	6,865,862
Trade receivables		7,091,020	6,530,070
Receivables from group enterprises	10	3,737,154	3,736,661
Deferred tax	11	0	25,000
Receivables from owners and management	12	1,186,972	0
Prepayments	13	139,786	250,792
Receivables		12,154,932	10,542,523
Cash		4,297,090	1,980,963
Current assets		26,386,898	19,389,348
Assets		44,727,823	37,955,843

Equity and liabilities

	Notes	2020 DKK	2019 DKK
Contributed capital		400,000	400,000
Retained earnings		19,962,562	20,919,764
Equity		20,362,562	21,319,764
Deferred tax	11	86,000	0
Provisions		86,000	0
Payables to owners and management		6,057,599	6,781,200
Other payables	14	180,041	61,958
Non-current liabilities other than provisions	15	6,237,640	6,843,158
Bank loans		0	221,325
Prepayments received from customers		0	138,876
Trade payables		932,087	662,265
Payables to group enterprises		13,975,196	6,096,373
Payables to owners and management		2,209,608	2,356,762
Tax payable		249,113	0
Other payables	16	675,617	317,320
Current liabilities other than provisions		18,041,621	9,792,921
Liabilities other than provisions		24,279,261	16,636,079
Equity and liabilities		44,727,823	37,955,843
Contingent liabilities	17		
Assets charged and collateral	18		
Transactions with related parties	19		

Parent statement of changes in equity for 2020

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	400,000	20,919,764	21,319,764
Profit/loss for the year	0	(957,202)	(957,202)
Equity end of year	400,000	19,962,562	20,362,562

Notes to parent financial statements

1 Staff costs

	2020 DKK	2019 DKK
Wages and salaries	2,010,744	1,707,072
Pension costs	99,984	99,984
Other social security costs	20,063	21,405
Other staff costs	205,035	134,715
	2,335,826	1,963,176
Average number of full-time employees	3	3

2 Depreciation, amortisation and impairment losses

	2020 DKK	2019 DKK
Amortisation of intangible assets	161,784	161,782
Depreciation on property, plant and equipment	63,786	28,212
	225,570	189,994

3 Other financial income

	2020 DKK	2019 DKK
Financial income from group enterprises	654,018	514,527
Exchange rate adjustments	520,137	147,901
	1,174,155	662,428

4 Other financial expenses

	2020 DKK	2019 DKK
Financial expenses from group enterprises	2,225,627	2,831,727
Financial expenses from associates	337,125	400,082
Other interest expenses	139,441	133,118
Interest expenses from tax paid on account	882	82
Other financial expenses	25,547	25,518
	2,728,622	3,390,527

5 Tax on profit/loss for the year

	2020 DKK	2019 DKK
Current tax	249,113	0
Change in deferred tax	111,000	242,037
	360,113	242,037

6 Proposed distribution of profit and loss

	2020 DKK	2019 DKK
Retained earnings	(957,202)	(1,984,760)
	(957,202)	(1,984,760)

7 Intangible assets

	Acquired rights DKK
Cost beginning of year	4,296,113
Cost end of year	4,296,113
Amortisation and impairment losses beginning of year	(3,721,577)
Amortisation for the year	(161,784)
Amortisation and impairment losses end of year	(3,883,361)
Carrying amount end of year	412,752

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK
Cost beginning of year	668,538
Cost end of year	668,538
Depreciation and impairment losses beginning of year	(438,947)
Depreciation for the year	(63,786)
Depreciation and impairment losses end of year	(502,733)
Carrying amount end of year	165,805

9 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	17,932,369	34,368
Cost end of year	17,932,369	34,368
Impairment losses beginning of year	(204,369)	0
Impairment losses end of year	(204,369)	0
Carrying amount end of year	17,728,000	34,368

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

10 Receivables from group enterprises

Receivables from group enterprises include receivables from the subsidiary in Hong Kong of DKK 3,737 thousand. The Company has confirmed that it will continue to support the subsidiary financially, see note 15.

11 Deferred tax

	2020 DKK
Changes during the year	
Beginning of year	25,000
Recognised in the income statement	(111,000)
End of year	(86,000)

Deferred tax relates to intangible assets, property, plant and equipment, inventories and other provisions.

12 Receivables from owners and management

	Executive Board DKK
Receivables	1,186,972
Interest rate (%)	10,05%

13 Prepayments

Prepayments comprise costs prepaid regarding insurance and purchase of goods.

14 Other payables

	2020	2019
	DKK	DKK
Holiday pay obligation	178,258	61,958
Accrued interest	1,783	0
	180,041	61,958

15 Non-current liabilities other than provisions

	Due after more than 12 months 2020 DKK
Payables to owners and management	6,057,599
Other payables	180,041
	6,237,640

16 Other payables

	2020	2019
	DKK	DKK
VAT and duties	354,635	77,294
Wages and salaries, personal income taxes, social security costs, etc. payable	165,067	93,999
Holiday pay obligation	105,664	146,027
Other costs payable	50,251	0
	675,617	317,320

17 Contingent liabilities

The Company has undertaken to provide continued financial support to the subsidiary in Hong Kong and India. However regarding subsidiary in Hong Kong, Management does not expect that further significant support will be necessary other than the financing already provided, see note 10.

18 Assets charged and collateral

Bank loans are secured by way of a charge of DKK 2,500 thousand nominal granted on the Company's unsecured claims, inventories, operating equipment and goodwill.

19 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

The financial statements are presented in DKK

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in equity.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, costs of raw materials and consumables and external expenses.

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Changes in inventories of finished goods and work in progress

Changes in inventories of finished goods and work in progress comprise decreases or increases for the financial year in inventories of finished goods and work in progress. This item includes ordinary writedowns of such inventories.

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities.

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities.

Other financial income

Other financial income comprises interest income, including interest income on receivables from group enterprises, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, payables and transactions in foreign currencies as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet**Intellectual property rights etc.**

Intellectual property rights etc. comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

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

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Plants and machinery	10-15 years
Other fixtures and fittings, tools and equipment	5-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

In the parent financial statements, investments in group enterprises are recognised and measured at cost. Investments are written down to the lower of recoverable amount and carrying amount.

Other investments

Other investments comprise listed securities which are measured at fair value (market price) at the balance sheet date, and unlisted equity investments measured at the lower of cost and net realisable value.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Inventories

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

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the

goods agreed or completion of the service agreed.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.