Serenergy A/S

Lyngvej 8, 9000 Aalborg

Company reg. no. 29 61 66 47

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 21 August 2020.

Nikolaus Josef Benz
Chairman of the meeting

Contents

Notes:

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

Management's report

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

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

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

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

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

Aalborg, 21 August 2020

Managing Director

Roland Fischer

Board of directors

Nikolaus Josef Benz	Jochen Baurmeister	Roland Fischer

Independent auditor's report

To the shareholders of Serenergy A/S

Opinion

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

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

Basis for opinion

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

Emphasis of matter

Without modifying our conclusion, We draw attention to note 1 in the financial statement, which describes the uncertanty regarding a substantial debtors amount.

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

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

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

Independent auditor's report

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

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

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

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

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

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

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

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

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

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

Statement on the management commentary

Management is responsible for the management commentary.

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

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

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

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

Aalborg, 21 August 2020

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

Alex Hoffmann Kristensen State Authorised Public Accountant mne33705	Johny Jensen State Authorised Public Accountant mne32798

Company information

The company	Serenergy A/S Lyngvej 8 9000 Aalborg	
	Phone	+4588807040
	Web site	www.serenergy.com
	Company reg. no.	29 61 66 47
	Established:	9 June 2006
	Domicile:	Aalborg
	Financial year:	1 January - 31 December
Board of directors	Nikolaus Josef Benz Jochen Baurmeister Roland Fischer	
Managing Director	Roland Fischer	
Auditors	Redmark Statsautoriseret Revisionspartnerselskab Hasseris Bymidte 6 9000 Aalborg	
Bankers	Nordea	
Subsidiaries	SerEnergy Pvt. Ltd, India, Mumbai, India SerEnergy (Shanghai) Co., Ltd., China SerEnergy (Philippines) Inc., Philippines	

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016	2015
Income statement:					
Gross profit	46.224	106.793	-56.657	-36.962	-6.706
Profit from ordinary operating activities	10.358	41.532	-92.541	-69.707	-30.124
Net financials	1.912	-8.473	-3.063	-448	-1.048
Net profit or loss for the year	12.239	29.713	-90.026	-65.459	-26.091
Statement of financial position:					
Balance sheet total	76.149	204.779	109.451	96.094	47.909
Investments in property, plant and equip-ment	7.309	12.973	6.169	9.683	3.037
Equity	-25.034	-37.345	-66.282	24.031	28.412
Cash flows:					
Operating activities	148.995	2.175	3.422	-41.256	-53.338
Investing activities	-4.043	-9.322	-10.923	-10.646	-3.037
Financing activities	-144.942	-7.450	6.370	61.079	49.543
Total cash flows	9	-14.597	-1.131	9.177	-6.832
Employees:					
Average number of full-time employees	67	89	98	71	39

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

Management commentary

The principal activities of the group

In conformity with earlier years the main activity has consisted of development and production of fuel cells and related systems.

Development in activities and financial matters

The gross profit of the group for the year totals DKK 46,2m against DKK 106,8m last year. Income or loss from ordinary activities after tax totals DKK 12,2m against DKK 29,7m last year. Management considers the net profit for the year satisfactory.

The activities and financial matters of the company were affected by a number of major issues in 2019: sale of shares in Danish Power Systems ApS, a settlement with Lange Research Aircraft GmbH and outstanding receivables from Globe Telecom, Inc.

Danish Power Systems ApS

On 14.08.2019, Serenergy A/S sold its 10% share in Danish Power Systems ApS.

Settlement of Legal Dispute with Lange Research Aircraft GmbH

The legal dispute originating from the Contract for Development and Supply of Fuel Cell Systems dated 21 June 2016 was concluded on 20.12.2019 by a settlement agreement (“Vergleichsvereinbarung”). Neither party has any remaining obligations from the original contract.

Outstanding Receivables

In 2018, two large orders were placed by a telecommunications company for the delivery of fuel cell units. As of 31.12.2019, Serenergy A/S had received a total of 50% payment for the downpayment and delivery milestones for all units, but payment for provisional and final acceptance has been incremental and subject to many delays.

Special risks

Operating risks

The Company’s main risks lie with the fulfilment of the targets set in the Cost and Quality Roadmap, successful implementation of the market access strategy, liquidity due to delays in customer payments.
Turnover and new orders were below expectations in 2019, essentially caused by unexpected delays in tender processes in Asia. Furthermore, as the company intends to substantially grow sales, the management responded by hiring additional sales and business development resources.

Environmental issues

The company has only a limited effect on the external environment, and no special measures have been made to prevent or reduce any damage. The company’s products will have a positive impact on the environment and will reduce carbon dioxide emissions.

Management commentary

Know how resources

The qualifications and know-how of the employees in the company is a key competitive factor for Serenergy. These resources are maintained and improved through targeted internal and external development activities.

Research and development activities

Research and development has been the core of the company since the formation in 2006. In the financial year the development projects have been focused on improving and optimizing the performance of the fuel cells and related systems.

Expected developments

The Cost and Quality roadmap for 2019-2021, which foresees continued development activities at Serenergy A/S, a pilot production setup for up to maximum 500 units p.a., and industrialization & ramp up for serial production at the affiliated company fischer Eco Solutions GmbH, was followed throughout 2019. It is expected that the company will continue to reach its milestone targets in the future.
Larger orders (50-100 units) from telecommunications companies have been under negotiation for some time and look promising for the future.
We expect to make a small profit in 2020, though less than for 2019.

Events occurring after the end of the financial year

By a Shareholders' Resolution, Serenergy A/S has decided to close the its subsidiary Serenergy (Shanghai) Co. Ltd.

Branches abroad

Serenergy A/S no longer has any branches abroad. The three remaining subsidiaries, all 100% owned, are Serenergy Philippines Inc., Serenergy India Pvt. Ltd., and Serenergy (Shanghai) Co. Ltd. (soon to be closed).

Income statement 1 January - 31 December

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

		Group		Parent	
Note		2019	2018	2019	2018
	Gross profit	**46.223.927**	**106.793**	**47.141.352**	**97.939**
3	Staff costs	-17.919.198	-33.617	-18.567.459	-23.322
	Depreciation and impairment of property, land, and equipment	-3.101.192	-10.724	-3.078.968	-2.938
	Other operating costs	77.418	-2.837	77.415	-2.835
4	Research and development costs	-14.923.394	-18.083	-14.923.394	-18.083
	Operating profit	**10.357.561**	**41.532**	**10.648.946**	**50.761**
	Income from equity investments in group enterprises	0	0	-270.487	1.645
	Other financial income	5.016.194	18	4.991.689	4
	Writedown relating to financial assets	0	-1.150	0	-11.725
5	Other financial costs	-3.104.333	-7.341	-3.101.012	-7.301
	Pre-tax net profit or loss	**12.269.422**	**33.059**	**12.269.136**	**33.384**
	Tax on ordinary results	-30.712	-3.346	-30.426	-3.671
6	**Net profit or loss for the year**	**12.238.710**	**29.713**	**12.238.710**	**29.713**

Statement of financial position at 31 December

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

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Non-current assets				
7	Property	9.238.036	8.699	9.238.036	8.699
8	Plant and machinery	5.782.810	4.285	5.782.810	4.285
9	Other fixtures and fittings, tools and equipment	4.752.711	3.936	4.273.910	3.749
10	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	2.096.460	1.433	2.096.460	1.433
	Total property, plant, and equipment	21.870.017	18.353	21.391.216	18.166
11	Equity investments in group enterprises	0	0	1.060.407	1.288
12	Other financial instruments and equity investments	0	261	0	261
13	Deposits	128.335	525	128.335	525
	Total investments	128.335	786	1.188.742	2.074
	Total non-current assets	**21.998.352**	**19.139**	**22.579.958**	**20.240**

Statement of financial position at 31 December

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

		Group		Parent	
Note	**Assets**	2019	2018	2019	2018
	Current assets				
	Raw materials and consumables	14.090.394	6.735	14.090.394	6.735
	Manufactured goods and trade goods	197.310	10.470	96.119	10.447
	Prepayments for goods	92.301	204	80.804	199
	Total inventories	14.380.005	17.409	14.267.317	17.381
	Trade debtors	14.720.027	24.266	14.720.027	24.266
	Receivables from group enterprises	20.519.538	139.645	20.640.917	139.712
	Other debtors	1.983.089	2.243	1.810.629	2.058
14	Prepayments and accrued income	772.002	311	772.002	311
	Total receivables	37.994.656	166.465	37.943.575	166.347
	Available funds	1.775.835	1.766	722.874	681
	Total current assets	**54.150.496**	**185.640**	**52.933.766**	**184.409**
	Total assets	**76.148.848**	**204.779**	**75.513.724**	**204.649**

Statement of financial position at 31 December

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

Equity and liabilities

		Group		Parent	
Note		2019	2018	2019	2018
	Equity				
	Contributed capital	3.303.040	3.303	3.303.040	3.303
	Results brought forward	-28.337.064	-40.648	-28.337.064	-40.648
	Total equity	**-25.034.024**	**-37.345**	**-25.034.024**	**-37.345**
	Provisions				
15	Other provisions	4.465.157	4.886	4.465.157	4.886
	Total provisions	**4.465.157**	**4.886**	**4.465.157**	**4.886**
	Liabilities other than provisions				
16	Payables to group enterprises	0	0	78.042.483	0
17	Other payables	946.491	0	946.491	0
	Total long term liabilities other than provisions	946.491	0	78.988.974	0
	Bank debts	751.848	0	751.848	0
	Prepayments received from customers	0	686	0	686
	Trade creditors	2.869.063	4.135	2.925.187	4.135
	Payables to group enterprises	77.896.094	224.537	0	224.536
	Corporate tax	31.836	3.753	30.426	3.751
	Other payables	14.044.626	4.127	13.208.399	4.000
18	Accruals and deferred income	177.757	0	177.757	0
	Total short term liabilities other than provisions	95.771.224	237.238	17.093.617	237.108
	Total liabilities other than provisions	**96.717.715**	**237.238**	**96.082.591**	**237.108**
	Total equity and liabilities	**76.148.848**	**204.779**	**75.513.724**	**204.649**

Statement of financial position at 31 December

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

Equity and liabilities

	Group		Parent	
Note	2019	2018	2019	2018

1 Uncertainties concerning recognition and measurement

2 Special items

19 Charges and security

20 Contingencies

21 Related parties

Statement of cash flows 1 January - 31 December

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

Note		Group 2019	2018
	Net profit or loss for the year	12.238.710	29.713
22	Adjustments	2.690.267	28.830
23	Change in working capital	136.419.104	-54.624
	Cash flows from operating activities before net financials	151.348.081	3.919
	Interest received, etc.	25.475	19
	Interest paid, etc.	-2.677.435	-7.341
	Cash flows from ordinary activities	148.696.121	-3.403
	Income tax paid	298.959	5.578
	Cash flows from operating activities	**148.995.080**	**2.175**
	Purchase of property, plant, and equipment	-6.036.567	-13.073
	Sale of property, plant, and equipment	13.836	3.751
	Sale of enterprise	1.979.330	0
	Cash flows from investment activities	**-4.043.401**	**-9.322**
	Repayments of long-term payables	946.491	0
	Dividend paid	0	-810
	Changes in bank debts	751.848	-6.640
	Other cash flows from financing activities	-146.640.573	0
	Cash flows from investment activities	**-144.942.234**	**-7.450**
	Change in cash and cash equivalents	**9.445**	**-14.597**
	Cash and cash equivalents at opening balance	1.766.390	16.363
	Cash and cash equivalents at end of period	**1.775.835**	**1.766**
	Cash and cash equivalents		
	Available funds	1.775.835	1.766
	Cash and cash equivalents at end of period	**1.775.835**	**1.766**

Notes

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

1. Uncertainties concerning recognition and measurement

In 2018, two large orders were placed by a large customer for the delivery of fuel cell units, valued at a total of 3.6 milliion EUR (26.9 million DKK). These orderes were subject to pre-negotiated and rather unfavorable payment conditions. Due to numerous administrative delays and negotiations, the full amount has not yet been paid. The issue has the managements attention and prority. The proces of getting the amount paid is ongoing and partial payments has been made in the financial year and after the balance sheet day.

Due to these circumstances there are uncertanties related to the assesment of outstanding receivables valued at 1,3 million EUR (9.7 million DKK).

2. Special items

Special items include significant income and expenses of a special nature relative to the enterprise's ordinary operating activities, such as the cost of extensive structuring of processes and fundamental structural adjustments and any related gains on disposal and losses which, over time, have a significant impact. Special items also include other significant amounts of a nonrecurring nature.

As mentioned in the management commentary, the net profit or loss for the year is affected by a number of factors that differ from what is considered by management to be part of operating activities.

Special items for the year are specified below, indicating where they are recognised in the income statement.

Notes

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

2. Special items (continued)

	Group		Parent	
	2019	2018	2019	2018
Income:				
Reversal of impairment of current assets	0	8.118.082	0	0
Intercompany sales of rights	0	68.746.206	0	68.746.206
	0	76.864.288	0	68.746.206
Special items are recognised in the following items in the financial statements:				
Gross profit	0	76.864.288	0	68.746.206
Profit of special items, net	**0**	**76.864.288**	**0**	**68.746.206**

3. Staff costs

Salaries and wages	15.449.225	29.059	16.097.486	20.080
Pension costs	1.947.009	2.867	1.947.009	2.540
Other costs for social security	522.964	859	522.964	702
Other staff costs	0	832	0	0
	17.919.198	**33.617**	**18.567.459**	**23.322**
Average number of employees	67	89	49	71

The company uses the exeption in the Danish Financial Statemens Act regulations regarding not showing information on wages paid to the mangement in §98b, stk. 3 nr. 2.

4. Research and development costs

Research and development costs	19.588.138	27.261	19.588.138	27.261
Received grants	-4.664.744	-9.178	-4.664.744	-9.178
	14.923.394	**18.083**	**14.923.394**	**18.083**

Notes

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

		Group		Parent	
		2019	2018	2019	2018
5.	**Other financial costs**				
	Financial costs, group enterprises	2.533.813	6.473	2.533.813	6.473
	Other financial costs	570.520	868	567.199	828
		3.104.333	**7.341**	**3.101.012**	**7.301**

		Parent	
		2019	2018
6.	**Proposed appropriation of net profit**		
	Transferred to retained earnings	12.238.710	29.713
	Total allocations and transfers	**12.238.710**	**29.713**

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
7.	**Property**				
	Cost opening balance	9.603.929	8.929	9.603.929	8.929
	Additions during the year	822.612	675	822.612	675
	Cost end of period	**10.426.541**	**9.604**	**10.426.541**	**9.604**
	Depreciation and writedown opening balance	-904.477	-692	-904.477	-692
	Depreciation, amortisation and writedown for the year	-284.028	-213	-284.028	-213
	Depreciation and writedown end of period	**-1.188.505**	**-905**	**-1.188.505**	**-905**
	Carrying amount, end of period	**9.238.036**	**8.699**	**9.238.036**	**8.699**

Notes

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

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
8.	**Plant and machinery**				
	Cost opening balance	5.577.203	571	5.577.203	571
	Additions during the year	2.922.081	8.644	2.922.081	8.644
	Disposals during the year	0	-3.638	0	-3.638
	Cost end of period	**8.499.284**	**5.577**	**8.499.284**	**5.577**
	Depreciation and writedown opening balance	-1.291.659	-273	-1.291.659	-273
	Depreciation, amortisation and writedown for the year	-1.424.815	-1.019	-1.424.815	-1.019
	Depreciation and writedown end of period	**-2.716.474**	**-1.292**	**-2.716.474**	**-1.292**
	Carrying amount, end of period	**5.782.810**	**4.285**	**5.782.810**	**4.285**

Notes

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

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
9.	**Other fixtures and fittings, tools and equipment**				
	Cost opening balance	6.378.018	14.096	6.190.819	9.147
	Additions during the year	2.291.874	1.543	1.903.668	1.443
	Disposals during the year	-13.836	-9.261	-13.836	-4.400
	Cost end of period	**8.656.056**	**6.378**	**8.080.651**	**6.190**
	Depreciation and writedown opening balance	-2.441.768	-2.735	-2.441.770	-2.186
	Depreciation, amortisation and writedown for the year	-1.466.731	-1.708	-1.370.125	-1.705
	Depreciation, amortisation and writedown, assets disposed of	5.154	2.001	5.154	1.450
	Depreciation and writedown end of period	**-3.903.345**	**-2.442**	**-3.806.741**	**-2.441**
	Carrying amount, end of period	**4.752.711**	**3.936**	**4.273.910**	**3.749**
10.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**				
	Cost opening balance	1.612.772	8.342	1.612.772	8.342
	Additions during the year	1.660.523	2.212	1.660.523	2.212
	Transfers	-1.176.835	-9.121	-1.176.835	-9.121
	Cost end of period	**2.096.460**	**1.433**	**2.096.460**	**1.433**
	Carrying amount, end of period	**2.096.460**	**1.433**	**2.096.460**	**1.433**

Notes

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

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
11.	**Equity investments in group enterprises**				
	Acquisition sum, opening balance	0	0	2.681.687	23.144
	Exchange rate adjustments at rate valid on balance sheet date	0	0	58.089	34
	Additions during the year	0	0	0	2.550
	Disposals during the year	0	0	0	-23.047
	Cost end of period	**0**	**0**	**2.739.776**	**2.681**
	Revaluations, opening balance	0	0	-1.393.212	1.008
	Exchange rate adjustments at rate valid on balance sheet date	0	0	-15.670	0
	Results for the year before goodwill amortisation	0	0	-270.487	-2.607
	Reversal of prior revaluations	0	0	0	1.106
	Dividend	0	0	0	-900
	Revaluation end of period	**0**	**0**	**-1.679.369**	**-1.393**
	Amortisation of goodwill, opening balance opening balance	0	0	0	-3.966
	Amortisation of goodwill for the year	0	0	0	-3.866
	Reversal of amortisation of goodwill concerning disposals	0	0	0	7.832
	Depreciation on goodwill end of period	**0**	**0**	**0**	**0**
	Carrying amount, end of period	**0**	**0**	**1.060.407**	**1.288**

Notes

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

Group enterprises:

	Domicile	Equity interest
SerEnergy Pvt. Ltd, India	Mumbai, India	100 %
SerEnergy (Shanghai) Co., Ltd.	China	100 %
SerEnergy (Philippines) Inc.	Philippines	100 %

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
12.	**Other financial instruments and equity investments**				
	Cost opening balance	1.410.915	0	1.410.915	0
	Additions during the year	0	1.411	0	1.411
	Disposals during the year	-1.410.915	0	-1.410.915	0
	Cost end of period	**0**	**1.411**	**0**	**1.411**
	Writedown opening balance	-1.150.055	0	-1.150.055	0
	Writedown for the year	0	-1.150	0	-1.150
	Writedown, securities disposed of	1.150.055	0	1.150.055	0
	Writedown end of period	**0**	**-1.150**	**0**	**-1.150**
	Carrying amount, end of period	**0**	**261**	**0**	**261**

Notes

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

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
13.	**Deposits**				
	Cost opening balance	525.204	660	525.204	567
	Disposals during the year	-396.869	-135	-396.869	-42
	Cost end of period	**128.335**	**525**	**128.335**	**525**
	Carrying amount, end of period	**128.335**	**525**	**128.335**	**525**
14.	**Prepayments and accrued income**				
	Other prepayments	772.002	311	772.002	311
		772.002	**311**	**772.002**	**311**
15.	**Other provisions**				
	Other provisions opening balance	4.885.508	1.435	4.885.508	1.435
	Change of the year in other provisions	-420.351	3.451	-420.351	3.451
		4.465.157	**4.886**	**4.465.157**	**4.886**
16.	**Payables to group enterprises**				
	Total payables to group enterprises	0	0	78.042.483	191.663
	Share of amount due within 1 year	0	0	0	-191.663
		0	**0**	**78.042.483**	**0**
	Share of liabilities due after 5 years	0	0	0	0

Notes

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

		Group		Parent	
		31/12 2019	31/12 2018	31/12 2019	31/12 2018
17.	**Other payables**				
	Total other payables	**946.491**	**0**	**946.491**	**0**
	Share of liabilities due after 5 years	946.491	0	0	0
18.	**Accruals and deferred income**				
	Prepayments/deferred income	177.757	0	177.757	0
		177.757	**0**	**177.757**	**0**

19. Charges and security

For bank loans, t.DKK 752, the company has provided security in company assets representing a nominal value of t.DKK 1,700. This security comprises the assets below, stating the carrying amounts:

	DKK in thousands
Inventories	12.153
Trade receivables	14.720

20. Contingencies

Contingent liabilities

	DKK in thousands
Lease liabilities	148
Total contingent liabilities	**148**

Notes

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

21. Related parties

Controlling interest

F.E.R. Fischer Edelstahlrohre GmbH, Germany	Majority shareholder

Transactions

The company has related party transactions with the controlling entity. All the transactions are made on normal market conditions.

Consolidated financial statements

The company is included in the consolidated financial statements of:

F.E.R. Fischer Edelstrahlrohre GmbH
Im Gewerbegebiet 7
77855 Achern-Fautenbach.

	Group	
	2019	2018
22. Adjustments		
Depreciation, amortisation, and impairment	3.101.192	10.724
Profit from disposal of non-current assets	-77.418	2.837
Dividend from group enterprises	0	0
Other financial income	-3.011.392	-19
Other financial costs	426.898	7.341
Tax on ordinary results	30.713	3.346
Other provisions	-420.352	3.451
Other adjustments	2.640.626	1.150
	2.690.267	**28.830**
23. Change in working capital		
Change in inventories	3.318.914	10.613
Change in receivables	128.353.814	-151.888
Change in trade payables and other payables	4.746.376	86.651
	136.419.104	**-54.624**

Accounting policies

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

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Recognition and measurement in general

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

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

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

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

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

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

Foreign currency translation

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

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

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

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

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

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

The consolidated financial statements

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

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

Income statement

Gross profit

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

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

Accounting policies

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

Other operating income comprises items of a secondary nature as regards the principal activities of the enterprise, including profit from the disposal of intangible and tangible assets.

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

Staff costs

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

Depreciation, amortisation, and writedown for impairment

Depreciation, amortisation, and writedown for impairment comprise depreciation on, amortisation of, and writedown for impairment of intangible and tangible assets, respectively.

Other operating costs

Other operating costs comprise items of secondary nature as regards the principal activities of the enterprise, including losses on the disposal of intangible and tangible assets.

Research and development costs

Research and development costs comprise costs, salaries, and wages and depreciation directly or indirectly attributable to the company’s research and development activities.

Research costs are recognised in the income statement in the year incurred. Clearly defined and identifiable development projects are recognised as intangible assets provided that they are proven to be technically practicable, that sufficient resources and a potential market or development opportunity exist, and insofar as the intention is to produce, market or utilise the project. Furthermore, there must be a proven correlation between the costs incurred and future earnings. However, lack of official approvals, customer approvals, and other uncertainties will often imply that the requirements for recognition as assets are not met and that development costs are charged to the income statement as incurred.

Financial income and expenses

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

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

Accounting policies

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss less amortised consolidated goodwill, the equity investment in the individual group enterprises are recognised in the income statement of the parent as a proportional share of the group enterprises' post-tax profit or loss.

Tax on net profit or loss for the year

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

Statement of financial position

Property, plant, and equipment

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Leases

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

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

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

Impairment loss relating to non-current assets

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

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

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

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

Investments

Equity in group enterprises

Equity in group enterprises recognised in the statement of financial position as a proportional share of the enterprise's equity value. This is calculated on the basis of the accounting policies of the parent less/plus unrealised intercompany profits and losses, and less/plus residual value of positive or negative goodwill measured by applying the purchase method.

Group enterprises with negative equity are recognised at no value and, to the extent they are considered irrevocable, amounts owed by these companies are made subject to impairment by the parent's share of the equity. If the negative equity exceeds the receivables, the residual amount is recognised under liability provisions to the extent that the parent has a legal or actual liability to cover the negative equity of these subsidiaries.

To the extent the equity exceeds the cost, the net revaluation of equity investments in group enterprises are transferred to the reserve under equity for net revaluation according to the equity method. Dividends from group enterprises expected to be adopted before the approval of this annual report are not subject to a limitation of the revaluation reserve. The reserve is adjusted by other equity movements in group enterprises.

Newly acquired or newly established companies are recognised in the financial statement as of the time of acquisition. Sold or liquidated companies are recognised until the date of disposal.

Profit or loss in connection with the disposal of group enterprises are measured as the difference between the sales amount and the carrying amount of net assets at the time of sale, inclusive of remaining consolidated goodwill and expected costs of sale or liquidation. Profit and loss are recognised in the income statement under net financials.

For the acquisition of new group enterprises, the purchase method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for pre-determined restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of revaluations is taken into consideration.

Accounting policies

Positive differences (goodwill) between cost and fair value of identifiable acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises and are amortised over their estimated useful economic life. The useful life is determined on the basis of management's experience in the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a longterm earnings potential. The carrying amount of goodwill is subject to impairment tests on a continuing basis and written down in the income statement in those cases when the carrying amount exceeds the expected future net income from the enterprise or the activity to which the goodwill is attached.

Other financial instruments and equity investments

Financial instruments and equity investments recognised under non-current assets comprise listed bonds and shares measured at fair value on the reporting date. Listed financial instruments are measured at market price.

Other unlisted financial instruments are measured at cost. Writedown for impairment is done to the recoverable amount if this value is lower than the carrying amount.

Deposits

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

Inventories

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

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

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

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

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

Accounting policies

Receivables

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

Prepayments and accrued income

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

Cash on hand and demand deposits

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

Income tax and deferred tax

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

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

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

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

Other provisions

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

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

Warranty commitments comprise commitments to repair work being carried out within the warranty period of 1-5 years. The provisions are measured at the net realisable value and recognised on the basis of experience with warranty work. If provisions have an expected due date later than 1 year from the reporting date, they are discounted at the average bond interest.

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

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

Liabilities other than provisions

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

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

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

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

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

Accruals and deferred income

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

Statement of cash flows

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

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

Accounting policies

Cash flows from operating activities

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

Cash flows from investment activities

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

Cash flows from financing activities

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

Cash and cash equivalents

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