



Grening Holding ApS

Sletten 21
6800 Varde
CVR No. 31933153

Annual report 2020

The Annual General Meeting adopted the
annual report on 19.04.2021

Jan Vogt Hansen

Chairman of the General Meeting

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Entity details

Entity

Grening Holding ApS

Sletten 21

6800 Varde

Business Registration No.: 31933153

Registered office: Varde

Financial year: 01.01.2020 - 31.12.2020

Board of Directors

Niels Kristensen, chairman of the board

Jan Bruun Jørgensen

Niels Grening Langerhuus

Executive Board

Niels Grening Langerhuus

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Grening Holding 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.

Esbjerg, 19.04.2021

Executive Board

Niels Grening Langerhuus

Board of Directors

Niels Kristensen
chairman of the board

Jan Bruun Jørgensen

Niels Grening Langerhuus

Independent auditor's report

To the shareholders of Grening Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Grening Holding 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.

Esbjerg, 19.04.2021

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Henrik Harbo Andersen

State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

Financial highlights

	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017/18 DKK'000	2016/17 DKK'000
Key figures					
Gross profit/loss	46,516	41,679	25,916	51,246	49,048
Operating profit/loss	9,401	(2,904)	1,073	4,733	6,681
Net financials	(1,346)	(1,406)	(1)	(300)	(125)
Profit/loss for the year	5,692	(3,972)	852	2,947	4,562
Profit for the year excl. minority interests	5,183	(4,574)	536	2,318	3,984
Balance sheet total	158,489	187,356	150,902	131,761	139,768
Investments in property, plant and equipment	3,063	3,435	3,067	8,803	8,244
Equity	70,425	65,899	71,029	71,177	69,230
Equity excl. minority interests	67,565	63,382	68,956	69,420	68,102
Average invested capital incl. goodwill	166,984	160,554	133,177	128,778	123,318
Net interest-bearing debt	56,795	93,830	49,155	37,159	46,004
Ratios					
Return on invested capital incl. goodwill (%)	7.7	0.2	2.8	6.0	7.6
Financial gearing	0.81	1.42	0.69	0.52	0.66
Return on equity (%)	7.92	(6.91)	0.77	3.37	0.33
Equity ratio (%)	42.63	33.83	45.70	52.69	48.73

The financial year 2018 represents only 8 months activity.

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

Return on invested capital incl. goodwill (%):

$$\frac{\text{Profit/loss for the year} * 100}{\text{Average invested capital incl. goodwill}}$$

Financial gearing :

$$\frac{\text{Net interest-bearing debt}}{\text{Average equity}}$$

Return on equity (%):

Profit/loss for the year excl. minority interests * 100

Average equity excl. minority interests

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The group develops and constructs individual solutions, furthermore sale/service and rental of equipment for the industry of oil and gas, wind turbines and industrial segments.

Development in activities and finances

In 2020 the group realized a profit of t.DKK 5,692 against a loss of t.DKK 3,972 in 2019. The result is considered satisfactory by management and is as expected.

The equity of the group amounts to t.DKK 70,425 at 31th of December 2020.

Outlook

In 2021 the executive board expects the group to achieve a result in 2021 at the same level as in 2020.

Consolidated income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss	1	46,516	41,679
Staff costs	2	(30,141)	(37,470)
Depreciation, amortisation and impairment losses	3	(6,714)	(6,856)
Other operating expenses		(260)	(257)
Operating profit/loss		9,401	(2,904)
Other financial income	4	16	249
Other financial expenses	5	(1,362)	(1,655)
Profit/loss before tax		8,055	(4,310)
Tax on profit/loss for the year	6	(2,363)	338
Profit/loss for the year	7	5,692	(3,972)

Consolidated balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Acquired intangible assets		1,331	2,062
Goodwill		7,660	10,215
Intangible assets	8	8,991	12,277
Land and buildings		42,755	43,321
Investment property		8,516	8,516
Other fixtures and fittings, tools and equipment		11,031	11,663
Leasehold improvements		0	0
Property, plant and equipment	9	62,302	63,500
Deposits		6	6
Other receivables		327	367
Financial assets	10	333	373
Fixed assets		71,626	76,150
Work in progress		1,823	51,013
Manufactured goods and goods for resale		38,036	23,382
Prepayments for goods		0	632
Inventories		39,859	75,027
Trade receivables		38,114	31,792
Other receivables		3,275	1,311
Tax receivable		0	1,789
Prepayments	11	603	415
Receivables		41,992	35,307
Cash		5,012	872
Current assets		86,863	111,206
Assets		158,489	187,356

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		125	125
Retained earnings		66,440	62,257
Proposed dividend for the financial year		1,000	1,000
Equity belonging to Parent's shareholders		67,565	63,382
Equity belonging to minority interests		2,860	2,517
Equity		70,425	65,899
Deferred tax	12	1,438	520
Other provisions	13	2,051	2,309
Provisions		3,489	2,829
Mortgage debt		16,940	18,233
Bank loans		6,500	8,016
Other payables		2,354	502
Non-current liabilities other than provisions	14	25,794	26,751
Current portion of non-current liabilities other than provisions	14	2,837	2,838
Bank loans		31,989	52,511
Prepayments received from customers		0	12,602
Trade payables		12,171	12,209
Tax payable		1,345	0
Other payables	15	10,439	11,717
Current liabilities other than provisions		58,781	91,877
Liabilities other than provisions		84,575	118,628
Equity and liabilities		158,489	187,356
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Transactions with related parties	20		
Subsidiaries	21		

Consolidated statement of changes in equity for 2020

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend for the financial year DKK'000	Equity belonging to Parent's shareholders DKK'000	Equity belonging to minority interests DKK'000
Equity beginning of year	125	62,257	1,000	63,382	2,517
Ordinary dividend paid	0	0	(1,000)	(1,000)	(166)
Profit/loss for the year	0	4,183	1,000	5,183	509
Equity end of year	125	66,440	1,000	67,565	2,860
					Total DKK'000
Equity beginning of year					65,899
Ordinary dividend paid					(1,166)
Profit/loss for the year					5,692
Equity end of year					70,425

Consolidated cash flow statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Operating profit/loss		9,401	(2,904)
Amortisation, depreciation and impairment losses		6,714	6,856
Other provisions		(258)	1,006
Working capital changes	16	14,628	(29,036)
Cash flow from ordinary operating activities		30,485	(24,078)
Financial income received		16	249
Financial expenses paid		(1,362)	(1,655)
Taxes refunded/(paid)		1,689	(5,239)
Cash flows from operating activities		30,828	(30,723)
Acquisition etc. of intangible assets		(93)	(19)
Sale of intangible assets		3	0
Acquisition etc. of property, plant and equipment		(3,063)	(3,435)
Sale of property, plant and equipment		923	623
Acquisition of fixed asset investments		0	(6)
Deposits		0	591
Other cash flows from investing activities		40	30
Cash flows from investing activities		(2,190)	(2,216)
Free cash flows generated from operations and investments before financing		28,638	(32,939)
Repayments of loans etc.		(2,810)	(2,231)
Dividend paid		(1,166)	(1,158)
Cash flows from financing activities		(3,976)	(3,389)
Increase/decrease in cash and cash equivalents		24,662	(36,328)
Cash and cash equivalents beginning of year		(51,639)	(15,311)
Cash and cash equivalents end of year		(26,977)	(51,639)

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

Cash	5,012	872
Short-term bank loans	(31,989)	(52,511)
Cash and cash equivalents end of year	(26,977)	(51,639)

Notes to consolidated financial statements

1 Gross profit/loss

Other operating income included in gross profit includes compensation received from wage support schemes established as a result of the outbreak and spread of COVID-19 in 2020. The support amounts to t.DKK 1,648.

2 Staff costs

	2020	2019
	DKK'000	DKK'000
Wages and salaries	25,582	33,143
Pension costs	3,603	2,986
Other social security costs	474	382
Other staff costs	482	959
	30,141	37,470
Average number of full-time employees	61	73

	Remuneration of manage- ment 2020	Remuneration of manage- ment 2019
	DKK'000	DKK'000
Total amount for management categories	1,791	1,733
	1,791	1,733

3 Depreciation, amortisation and impairment losses

	2020	2019
	DKK'000	DKK'000
Amortisation of intangible assets	3,376	3,190
Depreciation on property, plant and equipment	4,032	4,267
Profit/loss from sale of intangible assets and property, plant and equipment	(694)	(601)
	6,714	6,856

4 Other financial income

	2020	2019
	DKK'000	DKK'000
Other interest income	28	52
Exchange rate adjustments	0	167
Other financial income	(12)	30
	16	249

5 Other financial expenses

	2020	2019
	DKK'000	DKK'000
Other interest expenses	1,211	1,513
Exchange rate adjustments	137	142
Other financial expenses	14	0
	1,362	1,655

6 Tax on profit/loss for the year

	2020	2019
	DKK'000	DKK'000
Current tax	1,284	1,425
Change in deferred tax	1,076	(1,763)
Adjustment concerning previous years	3	0
	2,363	(338)

7 Proposed distribution of profit/loss

	2020	2019
	DKK'000	DKK'000
Ordinary dividend for the financial year	1,000	1,000
Retained earnings	4,183	(5,574)
Minority interests' share of profit/loss	509	602
	5,692	(3,972)

8 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	3,677	29,561
Additions	93	0
Disposals	(3)	0
Cost end of year	3,767	29,561
Amortisation and impairment losses beginning of year	(1,615)	(19,346)
Amortisation for the year	(821)	(2,555)
Amortisation and impairment losses end of year	(2,436)	(21,901)
Carrying amount end of year	1,331	7,660

9 Property, plant and equipment

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improvements DKK'000
Cost beginning of year	45,953	8,000	30,443	154
Additions	0	0	3,063	0
Disposals	0	0	(698)	0
Cost end of year	45,953	8,000	32,808	154
Revaluations beginning of year	0	516	0	0
Revaluations end of year	0	516	0	0
Depreciation and impairment losses beginning of year	(2,632)	0	(18,780)	(154)
Depreciation for the year	(566)	0	(3,466)	0
Reversal regarding disposals	0	0	469	0
Depreciation and impairment losses end of year	(3,198)	0	(21,777)	(154)
Carrying amount end of year	42,755	8,516	11,031	0

The investment property comprises a industrial building located in Esbjerg. The investment property is measured at fair value, in accordance with accounting policies. The fair value is determined by applying the return-based model using expected cash flow from the property. The return-rate used in the model is 7,75% in 2020. For further information please see description in accounting policies. A increase in the return-rate by 0,25% would reduce the fair value by t.DKK 266.

10 Financial assets

	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	6	367
Disposals	0	(40)
Cost end of year	6	327
Carrying amount end of year	6	327

11 Prepayments

Prepayments contains insurance etc. paid in advance.

12 Deferred tax

	2020 DKK'000	2019 DKK'000
Intangible assets	397	405
Property, plant and equipment	2,974	2,421
Receivables	41	36
Provisions	(119)	(404)
Liabilities other than provisions	62	42
Other deductible temporary differences	(1,917)	(1,980)
Deferred tax	1,438	520

	2020 DKK'000	2019 DKK'000
Changes during the year		
Beginning of year	520	2,283
Recognised in the income statement	918	(1,763)
End of year	1,438	520

13 Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

14 Non-current liabilities other than provisions

	Due within 12 months 2020 DKK'000	Due within 12 months 2019 DKK'000	Due after more than 12 months 2020 DKK'000	Outstanding after 5 years 2020 DKK'000
Mortgage debt	1,337	1,338	16,940	12,175
Bank loans	1,500	1,500	6,500	500
Other payables	0	0	2,354	0
	2,837	2,838	25,794	12,675

15 Other payables

	2020	2019
	DKK'000	DKK'000
VAT and duties	1,787	4,096
Wages and salaries, personal income taxes, social security costs, etc. payable	2,594	938
Holiday pay obligation	832	3,253
Other costs payable	5,226	3,430
	10,439	11,717

16 Changes in working capital

	2020	2019
	DKK'000	DKK'000
Increase/decrease in inventories	35,168	(43,133)
Increase/decrease in receivables	(8,474)	(3,262)
Increase/decrease in trade payables etc.	(12,066)	17,359
	14,628	(29,036)

17 Unrecognised rental and lease commitments

	2020	2019
	DKK'000	DKK'000
Total liabilities under rental or lease agreements until maturity	2,031	2,274

18 Contingent liabilities

The groups bank has provided performance guarantees of t.DKK 6,009 to clients in connection with implementation of a project.

19 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties amounts to t.DKK 51,271.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of t.DKK 1.950 nominal.

The carrying amount of mortgaged properties is t.DKK 42,755.

Bank debt is secured by way of mortgage of t.DKK 9,000 nominal (floating charge) registered goodwill, other fixtures and fittings, tools and equipment, inventories, trade receivables etc.

The carrying amount of mortgaged assets amounts to t.DKK 69,471.

20 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.

21 Subsidiaries

	Registered in	Corporate form	Ownership %
HYTOR Group A/S	Esbjerg	A/S	100
Ejendomsselskabet 3 M ApS	Esbjerg	ApS	55
HYTOR Oil & Gas Solutions A/S	Esbjerg	A/S	100
HYTOR Tools Solutions A/S	Esbjerg	A/S	100
HYTOR Tools Solutions GmbH	Hamburg	GmbH	100
HYTOR Tools Solutions Ltd	Essex	Ltd	100
HYTOR Fluid Solutions A/S	Esbjerg	A/S	100

Parent income statement for 2020

	Notes	2020 DKK'000	2019 DKK'000
Gross profit/loss		561	545
Staff costs	1	(500)	(500)
Operating profit/loss		61	45
Income from investments in group enterprises		4,505	(5,288)
Other financial income	2	839	898
Other financial expenses	3	(28)	(30)
Profit/loss before tax		5,377	(4,375)
Tax on profit/loss for the year	4	(194)	(199)
Profit/loss for the year	5	5,183	(4,574)

Parent balance sheet at 31.12.2020

Assets

	Notes	2020 DKK'000	2019 DKK'000
Investments in group enterprises		37,440	33,138
Other receivables		327	367
Financial assets	6	37,767	33,505
Fixed assets		37,767	33,505
Receivables from group enterprises		32,143	26,608
Other receivables		55	46
Tax receivable		1,153	4,508
Receivables		33,351	31,162
Cash		15	0
Current assets		33,366	31,162
Assets		71,133	64,667

Equity and liabilities

	Notes	2020 DKK'000	2019 DKK'000
Contributed capital		125	125
Reserve for net revaluation according to the equity method		10,385	5,897
Retained earnings		56,055	56,360
Proposed dividend for the financial year		1,000	1,000
Equity		67,565	63,382
Bank loans		0	542
Payables to group enterprises		1,422	0
Tax payable		1,345	216
Other payables		801	527
Current liabilities other than provisions		3,568	1,285
Liabilities other than provisions		3,568	1,285
Equity and liabilities		71,133	64,667
Contingent liabilities	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2020

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend for the year DKK'000	Total DKK'000
Equity beginning of year	125	5,897	56,360	1,000	63,382
Ordinary dividend paid	0	0	0	(1,000)	(1,000)
Profit/loss for the year	0	4,488	(305)	1,000	5,183
Equity end of year	125	10,385	56,055	1,000	67,565

Notes to parent financial statements

1 Staff costs

	2020 DKK'000	2019 DKK'000
Pension costs	500	500
	500	500
Average number of full-time employees	1	1

2 Other financial income

	2020 DKK'000	2019 DKK'000
Financial income from group enterprises	814	873
Other interest income	25	25
	839	898

3 Other financial expenses

	2020 DKK'000	2019 DKK'000
Other interest expenses	28	28
Other financial expenses	0	2
	28	30

4 Tax on profit/loss for the year

	2020 DKK'000	2019 DKK'000
Current tax	191	199
Adjustment concerning previous years	3	0
	194	199

5 Proposed distribution of profit and loss

	2020 DKK'000	2019 DKK'000
Ordinary dividend for the financial year	1,000	1,000
Retained earnings	4,183	(5,574)
	5,183	(4,574)

6 Financial assets

	Investments in group enterprises DKK'000	Other receivables DKK'000
Cost beginning of year	26,852	367
Disposals	0	(40)
Cost end of year	26,852	327
Revaluations beginning of year	6,286	0
Amortisation of goodwill	(1,404)	0
Share of profit/loss for the year	5,909	0
Dividend	(203)	0
Revaluations end of year	10,588	0
Carrying amount end of year	37,440	327

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

7 Contingent liabilities

The parent company has guaranteed the bank debt in HYTOR Group A/S and Ejendomsselskabet 3 M ApS. The bank debt at 31st December 2020 amounts to 16,251 t.DKK

The Entity serves as the administration company in a Danish joint taxation arrangement. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for these entities.

8 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.

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. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

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. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

Public grants

Public grants are recognised when a final commitment has been received from the grantor and it is probable that the conditions of the grant will be fulfilled. Grants are recognised as income in the income statement as earned.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, 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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, and 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, net capital or exchange losses on securities, payables and transactions in foreign currencies, and 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.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are usually 10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise acquired intellectual property rights.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Straight-line depreciation is made on the basis of estimated useful lives of the assets. The estimated useful lives of software are 3-7 years.

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

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at

cost less accumulated depreciation and impairment losses. Land is not depreciated.

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. For self-constructed assets, cost comprises direct and indirect costs of materials, components, sub-suppliers and labour costs. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

Interest expenses on loans for the financing of the manufacture of property, plant and equipment are included in cost if they relate to the manufacturing period. All other finance costs are recognised in the income statement.

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:

Buildings	30-50 years
Other fixtures and fittings, tools and equipment	2-7 years
Rental equipment	2-7 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.

Investment property

On initial recognition, investment properties are measured at cost consisting of the acquisition price of the properties plus directly related acquisition costs.

Subsequent to initial recognition, investment properties are measured at fair value which is equivalent to the amount at which the individual property may be sold to an independent buyer at the balance sheet date.

Fair value is determined by applying the yield-based model as the calculated value in use of expected cash flows from each property. The calculation is based on budgeted net earnings for the next year that has been adjusted to normal earnings, and using a required yield rate that reflects current market yield rates for similar properties. The value is adjusted for factors not reflected in normal earnings, for example, actual vacancy rate, major refurbishments etc.

The financial year's adjustments of the properties' fair value are recognised in the income statement.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortized straight-line over its estimated useful life, which is usually 10 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Receivables

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

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.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and costs of factory administration and management. Finance costs are not included in cost.

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

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.

Prepayments

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

Cash

Cash comprises cash in hand and bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Minority interests

Minority interests comprise the minority interests' share of subsidiaries' equity in which the subsidiary is not wholly owned by the Parent.

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.

Other provisions

Other provisions comprise anticipated costs of non-recourse guarantee commitments etc.

Other provisions are recognised and measured as the best estimate of the expenses required to settle the liabilities at the balance sheet date. Provisions that are estimated to mature more than one year after the balance sheet date are measured at their discounted value.

Non-recourse guarantee commitments comprise commitments to remedy defects and deficiencies within the guarantee period.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

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.

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 taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale,

etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

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

Cash and cash equivalents comprise cash less short-term bank loans.