

Grening Holding ApS

Sletten 21

6800 Varde

Central Business Registration

No 31933153

Annual report 2019

The Annual General Meeting adopted the annual report on 21.08.2020

Chairman of the General Meeting

Name: Henrik Larsen

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Entity details

Entity

Grening Holding ApS
Sletten 21
6800 Varde

Central Business Registration No (CVR): 31933153
Registered in: Varde
Financial year: 01.01.2019 - 31.12.2019

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
Postbox 200
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 01.01.2019 - 31.12.2019.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.12.2019 and of the results of its operations and cash flows for the financial year 01.01.2019 - 31.12.2019.

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.

Varde, 21.08.2020

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 01.01.2019 - 31.12.2019, 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 30.04.2017, and of the results of their operations and the consolidated cash flows for the financial year 01.05.2016 - 30.04.2017 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the Auditor's responsibilities for the audit of the 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 Group or the Entity 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 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.

Independent auditor's report

- Obtain sufficient 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, 21.08.2020

Deloitte

Statsautoriseret Revisionspartnerselskab
Central Business Registration No (CVR) 33963556

Henrik Harbo Andersen
State Authorised Public Accountant
Identification No (MNE) mne19699

Management commentary

	2019 DKK'000	2018 DKK'000	2017/18 DKK'000	2016/17 DKK'000	2015/16 DKK'000
Financial highlights					
Key figures					
Gross profit	41,679	25,916	51,246	49,048	36,396
Operating profit/loss	(2,904)	1,073	4,733	6,681	1,731
Net financials	(1,406)	(1)	(300)	(125)	(830)
Profit/loss for the year	(3,972)	852	2,947	4,562	190
Profit/loss for the year excl minority interests	(4,574)	536	2,318	3,984	(289)
Total assets	187,356	150,902	131,761	139,768	127,527
Investments in property, plant and equipment	3,435	0	0	0	0
Equity	65,899	71,029	71,177	69,230	64,769
Equity excl minority interests	63,382	68,956	69,420	68,102	64,219
Average invested capital incl goodwill	160,554	133,177	128,778	123,318	11,245
Net interest-bearing debt	93,830	49,155	37,159	46,004	38,599

Ratios

Return on invested capital incl goodwill (%)	0.2	2.8	6.0	7.6	3.1
Financial gearing (%)	1.4	0.7	0.5	0.7	0.6
Return on equity (%)	(5.8)	1.2	4.2	0.3	(0.4)
Equity ratio (%)	33.8	45.7	52.7	48.7	50.4

Financial highlights are defined and calculated in accordance with "Recommendations & Ratios 2015" issued by the Danish Society of Financial Analysts.

Ratios	Calculation formula	Calculation formula reflects
Return on invested capital incl goodwill (%)	$\frac{\text{EBITA} \times 100}{\text{Average invested capital incl goodwill}}$	The return generated by the entity on the investors' funds.
Financial gearing	$\frac{\text{Net interest-bearing debt}}{\text{Equity excl minority interests}}$	The entity's financial gearing.
Return on equity (%)	$\frac{\text{Profit/loss for the year excl minority interests} \times 100}{\text{Average equity excl minority interests}}$	The entity's return on capital invested in the entity by the owners.
Equity ratio (%)	$\frac{\text{Equity excl minority interests} \times 100}{\text{Total assets}}$	The financial strength of the entity.

EBITA (Earnings Before Interest, Tax and Amortisation) is defined as operating profit plus the year's amortisation of and impairment losses relating to intangible assets including goodwill.

Invested capital including goodwill is defined as net working capital plus the carrying amount of property, plant and equipment and intangible assets as well as accumulated amortisation of intangible assets including goodwill, and less other provisions and long-term operating liabilities. Accumulated impairment losses relating to goodwill are not added.

Net working capital is defined as inventories, receivables and other operating current assets net of trade payables and other short-term operating liabilities. Income taxes receivable and payable as well as cash are not included in net working capital.

Net interest-bearing debt is defined as interest-bearing liabilities, including income tax payable, net of interest-bearing assets, including cash and income tax receivable.

Management commentary

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 2019, the group realized a loss of 3,972 t.DKK against a profit of 852 t.DKK in 2018. The result is considered unsatisfactory by management.

The profit of the financial year 2018 is affected by change of the financial year. This financial year 2018 represents 8 months activity.

The equity of the group amount to 65,899 t.DKK at the 31th of December 2019.

Outlook

In 2020, the executive board expects the group will achieve a better and positive result compared to 2019.

Events after the balance sheet date

The Industrial segments are much affected by Covid-19, and the continuing and low activity in the Oil and Gas business. This will have a negative impact on the result for 2020.

Consolidated income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Gross profit		41,679	25,916
Staff costs	1	(37,470)	(20,804)
Depreciation, amortisation and impairment losses	2	(6,856)	(3,817)
Other operating expenses		(257)	(222)
Operating profit/loss		(2,904)	1,073
Other financial income	3	249	618
Other financial expenses	4	(1,655)	(619)
Profit/loss before fair value adjustments and tax		(4,310)	1,072
Fair value adjustment of investment properties		0	516
Profit/loss before tax		(4,310)	1,588
Tax on profit/loss for the year	5	338	(736)
Profit/loss for the year	6	(3,972)	852

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019</u> <u>DKK'000</u>	<u>2018</u> <u>DKK'000</u>
Acquired intangible assets		2,062	2,678
Goodwill		10,215	12,770
Intangible assets	7	12,277	15,448
Land and buildings		43,321	43,887
Investment property		8,516	8,516
Other fixtures and fittings, tools and equipment		11,663	11,951
Leasehold improvements		0	0
Property, plant and equipment	8	63,500	64,354
Deposits		6	591
Other receivables		367	397
Fixed asset investments	9	373	988
Fixed assets		76,150	80,790
Work in progress		51,013	9,393
Manufactured goods and goods for resale		23,382	22,501
Prepayments for goods		632	0
Inventories		75,027	31,894
Trade receivables		31,792	29,258
Other receivables		1,311	662
Income tax receivable		1,789	0
Prepayments	10	415	336
Receivables		35,307	30,256
Cash		872	7,962
Current assets		111,206	70,112
Assets		187,356	150,902

Consolidated balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		125	125
Retained earnings		62,257	67,831
Proposed dividend		1,000	1,000
Equity attributable to the Parent's owners		63,382	68,956
Share of equity attributable to minority interests		2,517	2,073
Equity		65,899	71,029
Deferred tax	11	520	2,283
Other provisions	12	2,309	1,303
Provisions		2,829	3,586
Mortgage debt		18,233	19,594
Bank loans		8,016	9,559
Income tax payable		0	1,294
Other payables		502	0
Non-current liabilities other than provisions	13	26,751	30,447
Current portion of long-term liabilities other than provisions	13	2,838	2,667
Bank loans		52,511	23,273
Prepayments received from customers		12,602	0
Trade payables		12,209	12,107
Income tax payable		0	731
Other payables		11,717	7,062
Current liabilities other than provisions		91,877	45,840
Liabilities other than provisions		118,628	76,287
Equity and liabilities		187,356	150,902
Financial instruments	15		
Unrecognised rental and lease commitments	16		
Assets charged and collateral	17		
Transactions with related parties	18		
Subsidiaries	19		

Consolidated statement of changes in equity for 2019

	Contributed capital DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000	Share of equity attributable to minority interests DKK'000
Equity beginning of year	125	67,831	1,000	2,073
Ordinary dividend paid	0	0	(1,000)	(158)
Profit/loss for the year	0	(5,574)	1,000	602
Equity end of year	125	62,257	1,000	2,517
				Total DKK'000
Equity beginning of year				71,029
Ordinary dividend paid				(1,158)
Profit/loss for the year				(3,972)
Equity end of year				65,899

Consolidated cash flow statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Operating profit/loss		(2,904)	1,073
Amortisation, depreciation and impairment losses		6,856	3,817
Other provisions		1,006	(232)
Working capital changes	14	<u>(29,036)</u>	<u>(13,447)</u>
Cash flow from ordinary operating activities		(24,078)	(8,789)
Financial income received		249	618
Financial expenses paid		(1,655)	(619)
Income taxes refunded/(paid)		<u>(5,239)</u>	<u>0</u>
Cash flows from operating activities		(30,723)	(8,790)
Acquisition etc of intangible assets		(19)	0
Acquisition etc of property, plant and equipment		(3,435)	(3,067)
Sale of property, plant and equipment		623	2,126
Acquisition of fixed asset investments		(6)	0
Deposits		591	0
Other cash flows from investing activities		<u>30</u>	<u>28</u>
Cash flows from investing activities		(2,216)	(913)
Repayments of loans etc		(2,231)	(5,502)
Dividend paid		<u>(1,158)</u>	<u>(1,000)</u>
Cash flows from financing activities		(3,389)	(6,502)
Increase/decrease in cash and cash equivalents		(36,328)	(16,205)
Cash and cash equivalents beginning of year		<u>(15,311)</u>	<u>894</u>
Cash and cash equivalents end of year		(51,639)	(15,311)
Cash and cash equivalents at year-end are composed of:			
Cash		872	7,962
Short-term debt to banks		<u>(52,511)</u>	<u>(23,273)</u>
Cash and cash equivalents end of year		(51,639)	(15,311)

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Wages and salaries	33,143	18,167
Pension costs	2,986	1,893
Other social security costs	382	222
Other staff costs	959	522
	37,470	20,804
Average number of employees	73	67
	Remunera- tion of manage- ment 2019 DKK'000	Remunera- tion of manage- ment 2018 DKK'000
Total amount for management categories	1,733	1,144
	1,733	1,144
	2019 DKK'000	2018 DKK'000
2. Depreciation, amortisation and impairment losses		
Amortisation of intangible assets	3,190	2,058
Depreciation of property, plant and equipment	4,267	2,703
Profit/loss from sale of intangible assets and property, plant and equipment	(601)	(944)
	6,856	3,817
	2019 DKK'000	2018 DKK'000
3. Other financial income		
Other interest income	52	20
Exchange rate adjustments	167	148
Other financial income	30	450
	249	618
	2019 DKK'000	2018 DKK'000
4. Other financial expenses		
Other interest expenses	1,513	594
Exchange rate adjustments	142	0
Other financial expenses	0	25
	1,655	619

Notes to consolidated financial statements

	2019 DKK'000	2018 DKK'000
5. Tax on profit/loss for the year		
Current tax	1,425	1,295
Change in deferred tax	(1,763)	(559)
	(338)	736
	2019 DKK'000	2018 DKK'000
6. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1,000	1,000
Retained earnings	(5,574)	(464)
Minority interests' share of profit/loss	602	316
	(3,972)	852
	Acquired intangible assets DKK'000	Goodwill DKK'000
7. Intangible assets		
Cost beginning of year	3,658	29,563
Additions	19	0
Cost end of year	3,677	29,563
Amortisation and impairment losses beginning of year	(980)	(16,793)
Amortisation for the year	(635)	(2,555)
Amortisation and impairment losses end of year	(1,615)	(19,348)
Carrying amount end of year	2,062	10,215

Notes to consolidated financial statements

	Land and buildings DKK'000	Investment property DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Leasehold improve- ments DKK'000
8. Property, plant and equipment				
Cost beginning of year	45,953	8,000	27,795	154
Additions	0	0	3,435	0
Disposals	0	0	(787)	0
Cost end of year	45,953	8,000	30,443	154
Revaluations beginning of year	0	516	0	0
Revaluations end of year	0	516	0	0
Depreciation and impairment losses beginning of year	(2,066)	0	(15,844)	(154)
Depreciation for the year	(566)	0	(3,701)	0
Reversal regarding disposals	0	0	765	0
Depreciation and impairment losses end of year	(2,632)	0	(18,780)	(154)
Carrying amount end of year	43,321	8,516	11,663	0
Financial expenses included in carrying amount	342	-	-	-

The investment property comprise 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 the expected cash flow from the property. The return-rate used in the model is 7,75% in 2019. For further information please see description in accounting policies. A increase on the return-rate by 0,25% would reduce the fair value by 266 tDKK.

	Deposits DKK'000	Other receivables DKK'000
9. Fixed asset investments		
Cost beginning of year	591	397
Additions	6	0
Disposals	(591)	(30)
Cost end of year	6	367
Carrying amount end of year	6	367

Notes to consolidated financial statements

10. Prepayments

Prepayments contains insurance etc. paid in advance.

	2019 DKK'000	2018 DKK'000
11. Deferred tax		
Intangible assets	405	589
Property, plant and equipment	2,421	1,772
Receivables	36	40
Provisions	(404)	(61)
Liabilities other than provisions	42	(57)
Other deductible temporary differences	(1,980)	0
	520	2,283

Changes during the year

Beginning of year	2,283
Recognised in the income statement	(1,763)
End of year	520

12. Other provisions

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

	Due within 12 months 2019 DKK'000	Due within 12 months 2018 DKK'000	Due after more than 12 months 2019 DKK'000	Outstanding after 5 years DKK'000
13. Liabilities other than provisions				
Mortgage debt	1,338	1,167	18,233	17,160
Bank loans	1,500	1,500	8,016	8,000
Other payables	0	0	502	0
	2,838	2,667	26,751	25,160

	2019 DKK'000	2018 DKK'000
14. Change in working capital		
Increase/decrease in inventories	(43,133)	(8,572)
Increase/decrease in receivables	(3,262)	(8,123)
Increase/decrease in trade payables etc	4,757	3,248
Other changes	12,602	0
	(29,036)	(13,447)

Notes to consolidated financial statements

15. Financial instruments

As part of hedging-recognised receivables and liabilities, as well as future sales and purchases, the Company uses hedging instruments by way of forward exchange contracts. The contract value of the USD/DKK hedging is 12,626 t.DKK And the period is between 0-12 months. The hedging concerns future sales. The forward exchange contracts have been concluded with the Company's usual banker.

	2019 DKK'000	2018 DKK'000
16. Unrecognised rental and lease commitments		
Liabilities under rental or lease agreements until maturity in total	2,274	2,122

17. Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

The carrying amount of mortgaged properties amounts to 51,837 t.DKK.

Bank debt 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 amounts to 43,321 t.DKK.

Bank debt are secured by way of a mortgage of 9,000 t.DKK nominal (floating charge) registred to goodwill, other fixtures and fittings, toold and equipment, inventories, trade receivables etc.

The carrying amount of mortgaged assets amounts to 55,173 t.DKK.

18. Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on a arm's length basis.

	Registered in	Corpo- rate form	Equity inte- rest %
19. Subsidiaries			
HYTOR Group A/S	Esbjerg	A/S	100.0
Ejendomsselskabet 3M ApS	Esbjerg	ApS	55.0
HYTOR Oil & Gas Solutions A/S	Esbjerg	A/S	100.0
HYTOR Tools Solutions A/S	Esbjerg	A/S	100.0
HYTOR Tools Solutions GmbH	Hamburg	GmbH	100.0
HYTOR Tools Solutions Ltd	Essex	Limited	100.0
HYTOR Fluid Solutions A/S	Esbjerg	A/S	100.0

Notes to consolidated financial statements

Parent income statement for 2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Gross profit		545	296
Staff costs	1	(500)	(333)
Operating profit/loss		45	(37)
Income from investments in group enterprises		(5,288)	421
Other financial income	2	898	284
Other financial expenses	3	(30)	(115)
Profit/loss before tax		(4,375)	553
Tax on profit/loss for the year	4	(199)	(17)
Profit/loss for the year	5	(4,574)	536

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Investments in group enterprises		33,138	58,234
Other receivables		367	397
Fixed asset investments	6	<u>33,505</u>	<u>58,631</u>
Fixed assets		<u>33,505</u>	<u>58,631</u>
Receivables from group enterprises		26,608	12,418
Other receivables		46	83
Income tax receivable		4,508	0
Receivables		<u>31,162</u>	<u>12,501</u>
Cash		<u>0</u>	<u>58</u>
Current assets		<u>31,162</u>	<u>12,559</u>
Assets		<u>64,667</u>	<u>71,190</u>

Parent balance sheet at 31.12.2019

	<u>Notes</u>	<u>2019 DKK'000</u>	<u>2018 DKK'000</u>
Contributed capital		125	125
Reserve for net revaluation according to the equity method		5,897	891
Retained earnings		56,360	66,940
Proposed dividend		1,000	1,000
Equity		63,382	68,956
Income tax payable		0	17
Non-current liabilities other than provisions		0	17
Bank loans		542	0
Payables to group enterprises		0	974
Income tax payable		216	730
Other payables		527	513
Current liabilities other than provisions		1,285	2,217
Liabilities other than provisions		1,285	2,234
Equity and liabilities		64,667	71,190
Contingent liabilities	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2019

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Proposed dividend DKK'000
Equity beginning of year	125	891	66,940	1,000
Ordinary dividend paid	0	0	0	(1,000)
Profit/loss for the year	0	5,006	(10,580)	1,000
Equity end of year	125	5,897	56,360	1,000
				Total DKK'000
Equity beginning of year				68,956
Ordinary dividend paid				(1,000)
Profit/loss for the year				(4,574)
Equity end of year				63,382

Notes to parent financial statements

	2019 DKK'000	2018 DKK'000
1. Staff costs		
Pension costs	500	333
	500	333
Average number of employees	1	1
	2019 DKK'000	2018 DKK'000
2. Other financial income		
Financial income arising from group enterprises	873	264
Other interest income	25	20
	898	284
	2019 DKK'000	2018 DKK'000
3. Other financial expenses		
Financial expenses from group enterprises	0	107
Other interest expenses	28	5
Other financial expenses	2	3
	30	115
	2019 DKK'000	2018 DKK'000
4. Tax on profit/loss for the year		
Current tax	199	17
	199	17
	2019 DKK'000	2018 DKK'000
5. Proposed distribution of profit/loss		
Ordinary dividend for the financial year	1,000	108
Transferred to reserve for net revaluation according to the equity method	5,006	(4,579)
Retained earnings	(10,580)	5,007
	(4,574)	536

Notes to parent financial statements

	Invest- ments in group enterprises DKK'000	Other receivables DKK'000
6. Fixed asset investments		
Cost beginning of year	52,343	397
Disposals	(25,491)	(30)
Cost end of year	26,852	367
Revaluations beginning of year	5,891	0
Amortisation of goodwill	(1,404)	0
Share of profit/loss for the year	(3,884)	0
Dividend	(193)	0
Reversal regarding disposals	5,876	0
Revaluations end of year	6,286	0
Carrying amount end of year	33,138	367

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 3M ApS. The bank debt is at 31th December 2019 16,996 t.DKK.

The Entity serves as an 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. Transactions with related parties

Only non-arm's length transactions with related parties are disclosed in the financial statements. All related party transactions carried out during the financial year have been made on a arm's length basis.

Accounting policies

Reporting class

This annual report has been presented 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.

Non-comparability

In 2018 the entity changed financial year from 1st of May to 30th April to 1st January to 31st of December. As a result hereof the financial year 2019 represents a longer period of time than the financial year 2018. The comparative figures have not been modified for which the reason the comparative figures are non-comparable.

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.

Accounting policies

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' proportionate share of profit or loss is presented as a separate item in Management's proposal for distribution of profit or loss, and their share of subsidiaries' net assets is presented as a separate item in group equity.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition 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.

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, cost 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, including rental income and gains from the sale of intangible assets and property, plant and equipment.

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.

Accounting policies

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 salaries and wages as well as social security contributions, pension contributions, etc for entity staff.

Depreciation, amortisation and impairment losses

Amortisation, depreciation and impairment losses relating to intangible assets and property, plant and equipment comprise amortisation, depreciation and impairment losses for the financial year, calculated on the basis of the residual values and useful lives of the individual assets and impairment testing as well as gains and losses from the sale of intangible assets as well as 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 internal 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 gains on securities, payables and transactions in foreign currencies as well as tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

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

Tax on profit/loss for the year

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

The parent company is jointly taxed with 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).

Accounting policies

Balance sheet

Goodwill

Goodwill is the positive difference between cost and value in use of assets and liabilities taken over as part of the acquisition. 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 ten 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 the following estimated useful lives of the assets:

Software	3-7 years
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Intellectual property rights etc are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings are measured at cost plus revaluation and what concerns the buildings less accumulated depreciation and impairment losses. Revaluations are measured by regular, independent valuation of the fair value.

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

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

Accounting policies

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 return-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 rate of return that reflects current market required rates of return 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 according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

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 amortised straight-line over its estimated useful life, which is normally ten 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 of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Financing costs are not included in cost.

Accounting policies

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

Income tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax calculated 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 consist of non-controlling interests' share of equity in subsidiaries not 100% owned by the Parent.

Deferred tax

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

Accounting policies

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 as well as 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 income taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments as well as 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 as well as the raising of loans, inception of finance leases, instalments on interest-bearing debt, purchase of treasury shares and payment of dividend.

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