

2021

Annual report for 2021

Nature Energy Biogas A/S
Ørbækvej 260, 5220 Odense SØ
CVR no. 34 61 40 91

Adopted at the annual
general meeting on
26 April 2022

Ole Hvelplund
chairman

nature
energy

Table of contents

| | Page |
|--|------|
| Statements | |
| Statement by management on the annual report | 1 |
| Independent auditor's report | 2 |
| Management's review | |
| Company details | 5 |
| Financial highlights | 6 |
| Management's review | 7 |
| Financial statements | |
| Income statement 1 January - 31 December | 11 |
| Balance sheet 31 December | 12 |
| Statement of changes in equity | 14 |
| Notes | 15 |
| Accounting policies | 24 |

Statement by management on the annual report

The Board of Directors and Executive board have today discussed and approved the annual report of Nature Energy Biogas A/S for the financial year 1 January - 31 December 2021.

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

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Odense, 26 April 2022

Executive board

Ole Hvelplund
CEO

Board of Directors

Jesper Teddy Lok
chairman

Steen Parsholt
deputy chairman

Sam Abboud

Terrence Majid Tehranian

Martin Dan Jeppesen
employee representative

Alex Juhl Burchall
employee representative

Independent auditor's report

To the shareholder of Nature Energy Biogas A/S

Opinion

In our opinion, the financial statements give a true and fair view of the company's financial position at 31 December 2021 and of the results of the company's operations for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the financial statements of Nature Energy Biogas A/S for the financial year 1 January - 31 December 2021, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report. We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. 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 financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

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

Independent auditor's report

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on management's review

Management is responsible for management's review.

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

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

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

Independent auditor's report

Based on the work we have performed, we conclude that management's review is in accordance with the 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 management's review.

Odense, 26 April 2022

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
CVR no. 33 77 12 31

Mads Melgaard
State Authorised Accountant
MNE no. mne34354

Claus Damhave
statsautoriseret revisor
MNE no. mne34166

Company details

The company

Nature Energy Biogas A/S
Ørbækvej 260
5220 Odense SØ

CVR no.: 34 61 40 91

Reporting period: 1 January - 31 December 2021

Domicile: Odense

Board of Directors

Jesper Teddy Lok, chairman
Steen Parsholt, deputy chairman
Sam Abboud
Terrence Majid Tehranian
Martin Dan Jeppesen, employee representative
Alex Juhl Burchall, employee representative

Executive board

Ole Hvelplund

Auditors

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
Munkebjergvænget 1, 3.
5230 Odense M

Bankers

Danske Bank

Consolidated financial statements

The company is reflected in the group report of the parent company NGF Partnership K/S

Financial highlights

Seen over a 5-year period, the development of the Company may be described by means of the following financial highlights:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|--|-------|-------|-------|--------|-------|
| | MDKK | MDKK | MDKK | MDKK | MDKK |
| Key figures | | | | | |
| Gross profit/loss | -36 | -16 | -13 | -23 | -21 |
| Profit/loss before amortisation/depreciation and impairment losses | -85 | -59 | -48 | -62 | -21 |
| Profit/loss before net financials | -126 | -72 | -59 | -69 | -23 |
| Net financials | 294 | -2 | 11 | 270 | 8 |
| Profit/loss for the year | 181 | -64 | -40 | 213 | -9 |
| Balance sheet total | 1,614 | 1,190 | 1,064 | 793 | 555 |
| Investment in property, plant and equipment | 26 | 6 | 2 | 13 | 32 |
| Equity | 1,030 | 856 | 918 | 675 | 263 |
| Number of employees | 66 | 56 | 47 | 51 | 0 |
| Financial ratios | | | | | |
| Return on assets | -9.0% | -6.4% | -6.4% | -10.2% | -8.3% |
| Solvency ratio | 63.8% | 71.9% | 86.3% | 85.1% | 47.4% |
| Return on equity | 19.2% | -7.2% | -5.0% | 45.4% | -6.8% |

For definitions, see the summary of significant accounting policies.

Management's review

Business review

Nature Energy Biogas A/S fulfils the interests of the Nature Energy Group within the circular economy business, including project development and construction in order to produce and upgrade green gas to export to the grid and for use in transport.

Nature Energy Biogas A/S is 100 % owned by NGF Denmark Holding ApS.

The company is the parent company to a number of biogas subsidiaries, project companies, Nature Energy Green Gas Sales A/S, Nature Energy Green Transport A/S and Nature Energy Construction A/S.

Nature Energy Biogas A/S is moreover responsible for the service functions of the other group companies.

In 2021, an average of 66 employees were employed by Nature Energy Biogas A/S.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any significant uncertainty.

Unusual matters

No unusual matters have affected the company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021.

Business review

The company's income statement for the year ended 31 December 2021 shows a profit of TDKK 181,441, and the balance sheet at 31 December 2021 shows equity of TDKK 1,030,290.

COVID-19 has not affected the company's performance.

Management's review

Financing review

The result reflects the allocation of resources necessary to select and mature the pipeline of biogas projects.

A design and construction phase of about 1 to 2 years is estimated, before revenue from biogas production is expected.

The construction of the biogas plants at Kværs in Southern Jutland and Køng in Zealand was initiated in Autumn 2020 and both plants will be commissioned in 2022.

Thus, thirteen biogas plants are fully commissioned during 2022 with a combined production of 211 million m³ of upgraded biogas per year.

During 2021 further shared competences for analysis, monitoring, and optimisation of the biogas production has been added to the Nature Energy Group. Efforts with research and development have been increased in order to enable the Group to develop and improve the biogas business further.

Progress is being made in order to strengthen the long term foundation of the Danish biogas business, focusing on developing biogas projects across Denmark and abroad. During 2021, significant progress has been made in the maturation of several projects in Denmark.

Moreover progress has been made to mature new projects abroad, specifically in France, USA, Canada and the Netherlands.

Significant events occurring after the end of the financial year

The conflict in Ukraine has not affected the company's performance and financial position after end of the financial year.

No other events have occurred after the balance sheet date which could significantly affect NGF Partnership K/S's financial position. See also the discussion of subsequent events described in note 17.

Strategy, objectives and expectations for the coming year

Nature Energy companies continuously expect to offer green gas and green certificates to a much larger extent and to be able to offer new products derived hereof.

The company expects a positive profit concerning the business in 2022 in the range of TDKK 0 to TDKK 20,000.

Knowledge resources

The company has research and development activities concerning the group's biogas activities.

Management's review

Construction

Nature Energy Construction A/S is the in-house design, engineering and construction arm of the Nature Energy group. They have over 30 years' experience building award winning biogas plants which are flexible, robust in their construction, reliable in operations, and easy to operate.

The past year and follow up on last year's expected development

Last year's expectation of the result for 2021 has been realized at a satisfactory level among other things due to high natural gas prices, stable production, positive development of the business, maturation of new projects etc.

External environment

The company's work follows the authorities' instructions.

Nature Energy is market leader in turning millions of tons of biomass into green, CO₂-neutral gas as effectively as possible. We collect biomass from businesses, agriculture and households and deliver them to our plants. Once we have extracted the biogas we return the degassed biomass to agriculture as a form of fertilizer that recycles the nutrients.

This is circular economy at its best. At the same time, we always make sure that the surrounding community remains as undisturbed as possible by transport and odors.

Management's review

Special risk - operational risk and financial risk

Operating risk:

In 2022, the risk assessment will reflect the challenges related to producing biogas in a stable and optimal manner. Securing the right biomasses and thereby achieving the most biogas production volume is crucial to the profitability of the plants.

In 2022, the establishment of Nature Energy in foreign markets continues. There are risks regarding development, maturing projects, building plants etc. These risks are sought to be mitigated through our risk policy and in cooperation with external partners and advisers.

Political objectives can change the possibilities and focus of the biogas business. The company seeks to mitigate these risks in cooperation with external partners, advice from external specialists and, not least, through building upon the core competences within the Nature Energy companies.

Nature Energy in general is exposed to risk of fluctuations in gas prices, exchange rates etc. The company handles these risks through the procedures of an established risk policy. Risks are sought to be mitigated through the understanding that there is a high degree of correlation between the conditions of purchase and sale of natural gas, biomasses etc.

Currency risk:

Nature Energy currently has loans in Danish Kroner and therefore has no currency risks associated with those loans.

International activities, construction and sales of gas and certificates means that changes in foreign exchange rates can affect the result, cash flow and equity of the company.

Interest rate risk:

The biogas companies' long-term debt is related to the companies' construction of biogas plants and changes in interest rate could potentially have a significant impact on the companies' financials. The biogas companies' long-term debt consists of bank loans as well as loans with other credit institutions.

Credit risk:

There are no considerable credit risks for the biogas business, the companies continuously assess new customers, which may result in demands of pre-payments or other form of deposits and ultimately a termination of the contracts.

Before the signing of contracts, the construction business performs credit assessments of business partners with larger exposures.

Income statement 1 January - 31 December

| | Note | 2021 TDKK | 2020 TDKK |
|--|------|-----------------|----------------|
| Gross profit | | -35,702 | -15,881 |
| Staff costs | 1 | -49,445 | -42,814 |
| Profit/loss before amortisation/depreciation and impairment losses | | -85,147 | -58,695 |
| Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | 2 | -10,539 | -12,542 |
| Other operating costs | 3 | -30,542 | -929 |
| Profit/loss before net financials | | -126,228 | -72,166 |
| Income from investments in subsidiaries | 4 | 268,835 | -23,261 |
| Income from investments in associates | 5 | 0 | -3,370 |
| Financial income | 6 | 30,411 | 26,721 |
| Financial costs | 7 | -5,744 | -1,817 |
| Profit/loss before tax | | 167,274 | -73,893 |
| Tax on profit/loss for the year | 8 | 14,167 | 9,833 |
| Profit/loss for the year | | 181,441 | -64,060 |
| Distribution of profit | 9 | | |

Balance sheet 31 December

| | Note | 2021 TDKK | 2020 TDKK |
|--|------|------------------|------------------|
| Assets | | | |
| Acquired patents, licenses and other rights | | 4,138 | 5,892 |
| Intangible assets | 10 | 4,138 | 5,892 |
| Land and buildings | | 32,661 | 31,684 |
| Other fixtures and fittings, tools and equipment | | 24,782 | 7,745 |
| Property, plant and equipment in progress | | 1,266 | 751 |
| Tangible assets | 11 | 58,709 | 40,180 |
| Investments in subsidiaries | 12 | 1,115,425 | 675,230 |
| Receivables from subsidiaries | 13 | 0 | 8,000 |
| Other fixed asset investments | 13 | 1,900 | 1,900 |
| Fixed asset investments | | 1,117,325 | 685,130 |
| Total non-current assets | | 1,180,172 | 731,202 |
| Finished goods and goods for resale | | 22,102 | 9,163 |
| Inventory | | 22,102 | 9,163 |
| Trade receivables | | 1,344 | 154 |
| Receivables from group enterprises | | 114,036 | 241,832 |
| Other receivables | | 24,578 | 6,813 |
| Deferred tax asset | 14 | 34,382 | 27,587 |
| Receivables | | 174,340 | 276,386 |
| Cash at bank and in hand | | 236,947 | 173,283 |
| Total current assets | | 433,389 | 458,832 |
| Total assets | | 1,613,561 | 1,190,034 |

Balance sheet 31 December

| | Note | 2021 TDKK | 2020 TDKK |
|--|------|------------------|------------------|
| Equity and liabilities | | | |
| Share capital | | 12,918 | 12,918 |
| Reserve for net revaluation under the equity method | | 80,667 | 0 |
| Retained earnings | | 936,705 | 842,839 |
| Equity | 15 | 1,030,290 | 855,757 |
| Provisions relating to investments in group entities | 12 | 20,891 | 8,938 |
| Total provisions | | 20,891 | 8,938 |
| Other credit institutions | | 32,317 | 34,580 |
| Other payables | | 0 | 3,287 |
| Total non-current liabilities | 16 | 32,317 | 37,867 |
| Other credit institutions | 16 | 1,645 | 1,609 |
| Trade payables | | 15,322 | 11,217 |
| Payables to group enterprises | | 498,451 | 252,626 |
| Other payables | | 14,645 | 22,020 |
| Total current liabilities | | 530,063 | 287,472 |
| Total liabilities | | 562,380 | 325,339 |
| Total equity and liabilities | | 1,613,561 | 1,190,034 |
| Significant events occurring after the end of the financial year | 17 | | |
| Rent and lease liabilities | 18 | | |
| Contingent liabilities | 19 | | |
| Mortgages and collateral | 20 | | |
| Related parties and ownership structure | 21 | | |
| Special items | 3 | | |

Statement of changes in equity

| | Share capital | Reserve for net revaluation under the equity method | Retained earnings | Total |
|-----------------------------------|---------------|--|----------------------|------------------|
| Equity at 1 January 2021 | 12,918 | 0 | 842,840 | 855,758 |
| Exchange adjustment, foreign | 0 | 107 | 0 | 107 |
| Other equity movements | 0 | -7,016 | 0 | -7,016 |
| Net profit/loss for the year | 0 | 87,576 | 93,865 | 181,441 |
| Equity at 31 December 2021 | 12,918 | 80,667 | 936,705 | 1,030,290 |

Notes

| | 2021 TDKK | 2020 TDKK |
|---|----------------|----------------|
| 1 Staff costs | | |
| Wages and salaries | 34,282 | 37,811 |
| Pensions | 10,406 | 3,172 |
| Other social security costs | 1,759 | 615 |
| Other staff costs | 2,998 | 1,216 |
| | 49,445 | 42,814 |
| Including remuneration to the supervisory boards | 4,665 | 4,099 |
| Average number of employees | 66 | 56 |
| 2 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment | | |
| Depreciation intangible assets | 3,361 | 7,502 |
| Depreciation tangible assets | 7,178 | 5,040 |
| | 10,539 | 12,542 |
| 3 Special items | | |
| Closed dispute regarding project development, included within Other operating costs | -29,463 | 0 |
| Impairment losses on fixed assets investment in subsidiaries, included within Income from investments in subsidiaries | 0 | -14,088 |
| | -29,463 | -14,088 |
| 4 Income from investments in subsidiaries | | |
| Share of profits of subsidiaries | 275,083 | -17,013 |
| Amortisation of goodwill | -6,248 | -6,248 |
| | 268,835 | -23,261 |

Notes

| | 2021 TDKK | 2020 TDKK |
|--|----------------|----------------|
| 5 Income from investments in associates | | |
| Share of profits of associates | 0 | -3,370 |
| | 0 | -3,370 |
| 6 Financial income | | |
| Interest received from subsidiaries | 27,784 | 24,125 |
| Interest received from associates | 0 | 2,059 |
| Other financial income | 2,624 | 531 |
| Exchange adjustments | 3 | 6 |
| | 30,411 | 26,721 |
| 7 Financial costs | | |
| Other financial costs | 5,744 | 1,817 |
| | 5,744 | 1,817 |
| 8 Tax on profit/loss for the year | | |
| Deferred tax for the year | -13,831 | -9,833 |
| Adjustment of tax concerning previous years | -7,372 | -3,579 |
| Adjustment of deferred tax concerning previous years | 7,036 | 3,579 |
| | -14,167 | -9,833 |
| 9 Distribution of profit | | |
| Reserve for net revaluation under the equity method | 87,576 | 0 |
| Retained earnings | 93,865 | -64,060 |
| | 181,441 | -64,060 |

Notes

10 Intangible assets

| | Acquired patents, licenses and other rights |
|--|---|
| Cost at 1 January 2021 | 22,542 |
| Additions for the year | 1,607 |
| Cost at 31 December 2021 | 24,149 |
| Impairment losses and amortisation at 1 January 2021 | 16,650 |
| Amortisation for the year | 3,361 |
| Impairment losses and amortisation at 31 December 2021 | 20,011 |
| Carrying amount at 31 December 2021 | 4,138 |

11 Tangible assets

| | Land and buildings | Other fixtures and fittings, tools and equipment | Property, plant and equipment in progress | Total |
|---|-----------------------|--|---|---------------|
| Cost at 1 January 2021 | 40,981 | 11,404 | 751 | 53,136 |
| Additions for the year | 3,875 | 20,596 | 1,235 | 25,706 |
| Transfers for the year | 372 | 348 | -720 | 0 |
| Cost at 31 December 2021 | 45,228 | 32,348 | 1,266 | 78,842 |
| Impairment losses and depreciation at 1 January 2021 | 9,297 | 3,658 | 0 | 12,955 |
| Depreciation for the year | 3,270 | 3,908 | 0 | 7,178 |
| Impairment losses and depreciation at 31 December 2021 | 12,567 | 7,566 | 0 | 20,133 |
| Carrying amount at 31 December 2021 | 32,661 | 24,782 | 1,266 | 58,709 |

Notes

| | 2021 TDKK | 2020 TDKK |
|---|------------------|----------------|
| 12 Investments in subsidiaries | | |
| Cost at 1 January 2021 | 750,182 | 714,151 |
| Additions for the year | 273,950 | 5,185 |
| Disposals for the year | -615 | -654 |
| Transfers for the year | 0 | 31,500 |
| Cost at 31 December 2021 | 1,023,517 | 750,182 |
| Revaluations at 1 January 2021 | -74,952 | -54,171 |
| Dividend to the parent company | -107,020 | 0 |
| Exchange adjustment | 107 | 0 |
| Net profit/loss for the year | 282,194 | 13,532 |
| Transfers for the year | 0 | -6,254 |
| Other equity movements, net | -7,016 | 1,825 |
| Amortisation of goodwill | -6,248 | -6,248 |
| Change in intercompany profit on tangible assets | -7,111 | -30,545 |
| Equity investments with negative net asset value transferred to provisions | 11,954 | 6,909 |
| Revaluations at 31 December 2021 | 91,908 | -74,952 |
| Carrying amount at 31 December 2021 | 1,115,425 | 675,230 |
| Remaining positive difference included in the above carrying amount at 31 December 2021 | 59,691 | |

Notes

Investments in subsidiaries are specified as follows:

| Name | Registered office | Ownership interest |
|------------------------------------|-------------------|--------------------|
| Nature Energy Nørager A/S | Odense | 100% |
| Nature Energy Ørbæk A/S | Odense | 100% |
| Nature Energy Korskro A/S | Odense | 95% |
| Nature Energy Vaarst A/S | Odense | 100% |
| Nature Energy Holsted A/S | Odense | 71% |
| Nature Energy Midtfyn A/S | Odense | 92% |
| Nature Energy Nordfyn A/S | Odense | 88% |
| Nature Energy Glansager A/S | Odense | 100% |
| Nature Energy Trekanten A/S | Odense | 51% |
| Nature Energy Holbæk ApS | Odense | 100% |
| Nature Energy Lolland ApS | Odense | 100% |
| Nature Energy Køng A/S | Odense | 100% |
| Nature Energy Månsson A/S | Odense | 51% |
| Nature Energy Videbæk A/S | Odense | 100% |
| Nature Energy Green Gas Sales A/S | Odense | 100% |
| Nature Energy Green Transport A/S | Odense | 100% |
| Nature Energy Hemmet ApS | Odense | 100% |
| Nature Energy Sdr. Vium ApS | Odense | 100% |
| Nature Energy Construction A/S | Odense | 100% |
| Nature Energy Kværs A/S | Odense | 100% |
| Nature Energy Green Hydrogen A/S | Odense | 100% |
| Nature Energy Denmark ApS | Odense | 100% |
| Nature Energy International A/S | Odense | 100% |
| Nature Energy Falster ApS | Odense | 100% |
| Nature Energy Bånlev Transport A/S | Odense | 90% |
| Nature Energy Bånlev A/S | Odense | 90% |

Notes

13 Fixed asset investments

| | Receivables from subsidiaries | Other fixed asset investments |
|--|----------------------------------|----------------------------------|
| Cost at 1 January 2021 | 8,000 | 1,900 |
| Additions for the year | -8,000 | 0 |
| Cost at 31 December 2021 | 0 | 1,900 |
| Carrying amount at 31 December 2021 | 0 | 1,900 |

Receivables from subsidiaries companies consist of the subordinated loan. The loan is remunerated and repaid in 2021.

14 Provision for deferred tax

| | 2021 TDKK | 2020 TDKK |
|---|----------------|----------------|
| Provision for deferred tax at 1 January 2021 | -27,587 | -21,333 |
| Deferred tax recognised in income statement | -6,795 | -6,254 |
| Provision for deferred tax at 31 December 2021 | -34,382 | -27,587 |
| Transferred to deferred tax asset | 34,382 | 27,587 |
| Deferred tax asset | | |
| Calculated tax asset | 34,382 | 27,587 |
| Carrying amount | 34,382 | 27,587 |

The recognized tax asset consists primarily of tax loss carryforwards, which are expected to be utilized within the next 3-5 years.

Notes

15 Equity

The share capital has developed as follows:

| | 2021 | 2020 | 2019 | 2018 | 2017 |
|---------------------------------|---------------|---------------|---------------|--------------|--------------|
| | TDKK | TDKK | TDKK | TDKK | TDKK |
| Share capital at 1 January 2021 | 12,918 | 12,918 | 6,329 | 3,000 | 2,500 |
| Additions for the year | 0 | 0 | 6,589 | 3,329 | 500 |
| Share capital | 12,918 | 12,918 | 12,918 | 6,329 | 3,000 |

16 Long term debt

| | 2021 | 2020 |
|--|---------------|---------------|
| | TDKK | TDKK |
| After 5 years | 25,361 | 27,777 |
| Between 1 and 5 years | 6,956 | 6,803 |
| Non-current portion | 32,317 | 34,580 |
| Other short-term debt to credit institutions | 1,645 | 1,609 |
| Current portion | 1,645 | 1,609 |
| | 33,962 | 36,189 |
| Other payables | | |
| After 5 years | 0 | 3,287 |
| Non-current portion | 0 | 3,287 |
| Other short-term other debt | 14,645 | 22,020 |
| Current portion | 14,645 | 22,020 |
| | 14,645 | 25,307 |

17 Significant events occurring after the end of the financial year

The conflict in Ukraine has not affected the group's performance and financial position after end of the financial year.

No other events have occurred after the balance sheet date which could significantly affect Nature Energy Biogas' financial position.

Notes

| | 2021 TDKK | 2020 TDKK |
|---|--------------|--------------|
| 18 Rent and lease liabilities | | |
| Operating lease liabilities. Total future lease payments: | | |
| Within 1 year | 1,690 | 470 |
| Between 1 and 5 years | 583 | 785 |
| After 5 years | 0 | 0 |
| | 2,273 | 1,255 |

19 Contingent liabilities

The Group's Danish companies are jointly and severally liable for tax on the Group's jointly taxed income, etc. The total amount of due corporation tax payable is stated in the annual report of NGF Partnership K/S, which is the company that administers co-taxation. Furthermore, the Group's Danish companies are jointly and severally liable for Danish taxes in the form of dividend tax and interest tax. Any subsequent corrections to corporate taxes may increase the the Company's commitment.

The Company has signed a sponsorship agreement for TDKK 1,200 for a 1.5 year period.

The Company is unlimited jointly and severally liable to banks for the subsidiaries Nature Energy Holsted A/S, Nature Energy Midtfyn A/S, Nature Energy Nordfyn A/S, Nature Energy Vaarst A/S, Nature Energy Kors kro A/S, Nature Energy Videbæk A/S, Nature Energy Hemmet ApS, Nature Energy Sdr. Vium ApS, Nature Energy Månsson A/S, Nature Energy Glansager A/S, Nature Energy Bånlev A/S, Nature Energy Køng A/S and Nature Energy Green Transport A/S.

The Company has provided a guarantee of TDKK 20 to third-parties.

Cash pool

The Company is included in a cash pool agreement with subsidiaries and guarantees for these companies' obligations in relation to credit in the cash pool facility account.

Pledged shares

The Company has provided shares in subsidiaries as collateral for debt to other credit institutions. The book value of the shares per December 31 2021, TDKK 712,834.

| | 2021 TDKK | 2020 TDKK |
|--|---------------|---------------|
| 20 Mortgages and collateral | | |
| The following assets have been put up as security for debt to mortgage credit institutions: | | |
| Land and buildings | 28,786 | 31,684 |
| | 28,786 | 31,684 |

Notes

21 Related parties and ownership structure

Controlling interest

NGF Partnership K/S
NGF Denmark Holding ApS

Transactions

All related party transactions are made on market terms.

Consolidated financial statements

The company is reflected in the group report of the parent company NGF Partnership K/S

Accounting policies

The annual report of Nature Energy Biogas A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied are consistent with those of last year.

The annual report for 2021 is presented in TDKK

Pursuant to sections §112, of the Danish Financial Statements Act, the company has not prepared consolidated financial statements.

Basis of recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Income statement

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, expenses for raw materials and consumables and other external expenses.

Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Accounting policies

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses comprise expenses for premises, sales and distribution as well as office expenses, etc.

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise the year's amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" in the income statement include the proportionate share of the profit for the year.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group enterprises. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting policies

Balance sheet

Intangible assets

Acquired patents, licenses and other rights

Acquired patents, licences and other rights are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences and other rights are amortised over the term of the licence or the other right, however not more than 5 years.

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

| | | |
|--|-------|------|
| Land and buildings | years | 20 |
| Other fixtures and fittings, tools and equipment | years | 3-10 |

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

All leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries and associates are recognised and measured under the equity method.

The items “Investments in subsidiaries” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Other securities and investments, fixed assets

Investments are measured at fair value.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

Inventory

Inventory are measured at cost using the .FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Receivables

Receivables are measured in the balance sheet at amortised cost, which substantially corresponds to nominal value. Provisions for estimated bad debts are made.

Accounting policies

Special items

Special items in 2020 relate to impairment losses on fixed assets investments. The amount is recognized as financial costs.

Special items 2021 relate a closed dispute regarding project development. The amount is recognized as other operating income.

Equity

Dividends

Dividend distribution proposed by Management for the year is disclosed as a separate equity item.

Income tax and deferred tax

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable income for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax is measured on the basis of the tax rules and at the tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax or by set-off against deferred tax liabilities within the same legal tax entity.

Liabilities

Mortgage debt is thus measured at amortised cost, which for cash loans corresponds to the outstanding debt. For bond loans, amortised cost corresponds to an outstanding debt calculated as the underlying cash value of the loan at the time of borrowing, adjusted by amortisation of the value adjustment of the loan at the time of borrowing.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

Accounting policies

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Cash flow statement

Pursuant to sections §86, of the Danish Financial Statements Act, no cash flow statement has been prepared for the company, as the company's cash flows are included in the consolidated cash flow statement.

Financial highlights

Definitions of financial ratios.

| | |
|------------------|--|
| Return on assets | $\frac{\text{Profit/loss before financials} \times 100}{\text{Average assets}}$ |
| Solvency ratio | $\frac{\text{Equity, end of year} \times 100}{\text{Total assets at year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss from ordinary operations after tax} \times 100}{\text{Average equity}}$ |