

2022

Annual report for 2022

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

Adopted at the annual
general meeting on
16 May 2023

Ole Hvelplund
chairman

nature
energy

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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 2022.

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 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022.

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, 16 May 2023

Executive board

Ole Hvelplund
CEO

Board of Directors

Sinead Caitlin Lynch
chairman

Karel Martin Kapoun
deputy chairman

Ole Hvelplund

Janneke Bertha Godefrida Antonia
van Deursen Abels

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 2022 and of the results of the company's operations for the financial year 1 January - 31 December 2022 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 2022, 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.

Independent auditor's report

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 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.

Independent auditor's report

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

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, 16 May 2023

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
CVR no. 33 77 12 31

Mads Melgaard
State Authorised Accountant
MNE no. mne34354

Claus Damhave
State Authorised Accountant
MNE no. mne34166

Company details

The company	<p>Nature Energy Biogas A/S Ørbækvej 260 5220 Odense SØ</p> <p>CVR no.: 34 61 40 91</p> <p>Reporting period: 1 January - 31 December 2022</p> <p>Domicile: Odense</p>
Board of Directors	<p>Sinead Caitlin Lynch, chairman Karel Martin Kapoun, deputy chairman Ole Hvelplund Janneke Bertha Godefrida Antonia van Deursen Abels Martin Dan Jeppesen, employee representative Alex Juhl Burchall, employee representative</p>
Executive board	Ole Hvelplund
Auditors	<p>PricewaterhouseCoopers statsautoriseret revisionspartnerselskab Munkebjergvænget 1, 3. 5230 Odense M</p>
Bankers	Danske Bank
Consolidated financial statements	The company is reflected in the group report as 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:

	2022	2021	2020	2019	2018
	MDKK	MDKK	MDKK	MDKK	MDKK
Key figures					
Profit/loss					
Gross profit/loss	-88	-36	0	-13	-23
Profit/loss before amortisation/depreciation and impairment losses	-165	-85	-59	-48	-62
Profit/loss before net financials	-177	-126	-72	-59	-69
Net financials	-105	294	-2	11	270
Profit/loss for the year	-251	181	-64	-40	213
Balance sheet					
Balance sheet total	1,509	1,614	1,190	1,064	793
Investment in property, plant and equipment	10	26	6	2	13
Equity	778	1,030	856	918	675
Number of employees	91	66	56	47	51
Financial ratios					
Return on assets	-11.3%	-9.0%	-6.4%	-6.4%	-10.2%
Solvency ratio	51.6%	63.8%	71.9%	86.3%	85.1%
Return on equity	-27.8%	19.2%	-7.2%	-5.0%	45.4%

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 2022, an average of 91 employees were employed by Nature Energy Biogas A/S, and an average of 211 employees in the subsidiaries.

On 26 November 2022, NGF Partnership K/S decided to accept a purchase offer from Shell Petroleum N.V. This means that the ownership of NGF Denmark Holding ApS per 20 February 2023 has changed.

Recognition and measurement uncertainties

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

Unusual matters

The company's financial position at 31 December 2022 and the results of its operations for the financial year ended 31 December 2022 are not affected by any unusual matters.

Financial review

The company's income statement for the year ended 31 December 2022 shows a loss of TDKK 251,440, and the balance sheet at 31 December 2022 shows equity of TDKK 777,775.

Management's review

Financing

The result of the Company and its subsidiaries reflect the allocation of resources necessary to select and mature the biogas pipeline projects.

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

The biogas plant at Køng in Zealand was initiated in Autumn 2022. The biogas plant at Kværs in Southern Jutland started production at the end of the year 2022 and was initiated in the beginning of 2023.

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

During 2022 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 still made in order to secure the long-term foundation of the Danish biogas business, focusing on developing biogas projects in all of Denmark and abroad. During 2022, significant progress has been made in the maturation of several projects in Denmark.

Moreover progress in France, USA, Canada and Holland has been made to mature new projects abroad. The construction of the first biogas plant in France has started.

With green gas to grid a continuously stabile heat is secured to thousands of customers, directly from the natural gas grid and indirectly from the gas heated district heating plants to an efficient production of process energy, e.g. to Danish companies depending on the highly efficient heat that can almost only be supplied through gas.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date, which could significantly affect the Group's financial position.

On 26 November 2022, NGF Partnership K/S decided to accept a purchase offer from Shell Petroleum N.V. This means that the ownership of the subsidiary NGF Denmark Holding ApS and all its subsidiaries per 20 February 2023 has changed.

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 2023 in the range of TDKK 0 to TDKK 20,000.

Management's review

Knowledge resources

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

Group relations

Nature Energy Construction A/S is a leading supplier of advanced turnkey biogas plants. Construction designs and builds award winning biogas plants. Based upon more than 30 years' experience, the company has developed plant concepts, 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 for the result for 2022 was in the range of TDKK 0 - TDKK 20,000, which has been realized at an unsatisfactory level with a loss after tax of TDKK 251,440, among other things due to fixed sales prices combined with high biomass prices.

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 and deliver biomass from businesses, agriculture and households and return the degassed biomass to the agriculture that recycles 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

Supplementary reports

Operating risk:

In 2023, the risk assessment will reflect the challenges related to securing a stable and optimal operation and production of the biogas plants. Securing the right sourcing of biomasses and hereby achieving the best production volume will have great impact of the profitability of the plants.

In 2023, the establishment in foreign markets continues. This entails risk regarding maturing projects, building plants etc. These risks are sought eliminated 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 eliminate or reduce these risks in cooperation with external partners, advice from external specialists and, not least, through gaining 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 within the procedures of an established risk policy. Risks are sought eliminated through 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 no currency risks concerning loans.

International activities, construction and sales of gas and certificates are primarily made in Danish Kroner and Euros, which entail that the exchange rates do not significantly affect the result, cash flow and equity of the Group.

Interest rate risk:

The biogas companies' long-term debt are related to the companies' construction of biogas plants and potentially has 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 prepayments or other form of deposits and ultimately a termination of the contracts.

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

Income statement 1 January - 31 December

	Note	2022 TDKK	2021 TDKK
Gross profit	4	-88,281	-35,702
Staff costs	2	-76,672	-49,445
Profit/loss before amortisation/depreciation and impairment losses		-164,953	-85,147
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-10,282	-10,539
Other operating costs		-1,540	-30,542
Profit/loss before net financials		-176,775	-126,228
Income from investments in subsidiaries	5	-145,031	268,835
Financial income	6	51,720	30,411
Financial costs	7	-11,527	-5,744
Profit/loss before tax		-281,613	167,274
Tax on profit/loss for the year	8	30,173	14,167
Profit/loss for the year		-251,440	181,441
Distribution of profit	9		

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Assets			
Acquired patents, licenses and other rights		5,242	4,138
Intangible assets	10	5,242	4,138
Land and buildings		32,715	32,661
Other fixtures and fittings, tools and equipment		25,072	24,782
Property, plant and equipment in progress		3,377	1,266
Tangible assets	11	61,164	58,709
Investments in subsidiaries	12	820,916	1,115,425
Other fixed asset investments	13	1,900	1,900
Fixed asset investments		822,816	1,117,325
Total non-current assets		889,222	1,180,172
Finished goods and goods for resale		134,097	22,102
Inventory		134,097	22,102
Trade receivables		203	1,344
Receivables from group enterprises		380,383	114,036
Other receivables		29,767	24,578
Deferred tax asset	14	30,335	34,382
Receivables		440,688	174,340
Cash at bank and in hand		44,955	236,947
Total current assets		619,740	433,389
Total assets		1,508,962	1,613,561

Balance sheet 31 December

	Note	2022 TDKK	2021 TDKK
Equity and liabilities			
Share capital		12,918	12,918
Reserve for net revaluation under the equity method		0	80,667
Foreign currency translation reserve		-1,075	0
Retained earnings		765,932	936,705
Equity		777,775	1,030,290
Provisions relating to investments in group entities	12	118,113	20,891
Total provisions		118,113	20,891
Other credit institutions		38,840	32,317
Total non-current liabilities	15	38,840	32,317
Other credit institutions	15	122,682	1,645
Trade payables		29,431	15,322
Payables to group enterprises		404,828	498,451
Other payables		17,293	14,645
Total current liabilities		574,234	530,063
Total liabilities		613,074	562,380
Total equity and liabilities		1,508,962	1,613,561
Significant events occurring after the end of the financial year	1		
Special items	4		
Rent and lease liabilities	16		
Contingent liabilities	17		
Mortgages and collateral	18		
Related parties and ownership structure	19		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Foreign currency translation reserve	Retained earnings	Total
Equity at 1 January 2022	12,918	80,667	0	936,705	1,030,290
Exchange adjustments	0	0	-1,075	0	-1,075
Net profit/loss for the year	0	-80,667	0	-170,773	-251,440
Equity at 31 December 2022	12,918	0	-1,075	765,932	777,775

Notes

1 Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date, which could significantly affect the Group's financial position.

On 26 November 2022, NGF Partnership K/S decided to accept a purchase offer from Shell Petroleum N.V. This means that the ownership of the subsidiary NGF Denmark Holding ApS and all its subsidiaries per 20 February 2023 has changed.

	2022	2021
	TDKK	TDKK
2 Staff costs		
Wages and salaries	64,244	41,083
Pensions	6,565	3,961
Other social security costs	1,777	1,403
Other staff costs	4,086	2,998
	76,672	49,445
Including remuneration to the executive and supervisory boards	6,725	4,665
 Average number of employees	 91	 66
 3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		
Depreciation intangible assets	2,791	3,361
Depreciation tangible assets	7,491	7,178
	10,282	10,539

Notes

	2022	2021
	TDKK	TDKK
4 Special items		
Closed dispute regarding project development, included within Other operating costs	0	-29,463
Badwill in connection with business aquisition included within Income from investments in subsidiaries	29,634	0
	29,634	-29,463
5 Income from investments in subsidiaries		
Share of profits of subsidiaries	-138,783	275,083
Amortisation of goodwill	-6,248	-6,248
	-145,031	268,835
6 Financial income		
Interest received from subsidiaries	38,563	27,784
Other financial income	12,683	2,624
Exchange adjustments	474	3
	51,720	30,411
7 Financial costs		
Financial expenses, group entities	43	0
Other financial costs	11,484	5,744
	11,527	5,744

Notes

	2022	2021
	TDKK	TDKK
8 Tax on profit/loss for the year		
Deferred tax for the year	-30,083	-13,831
Adjustment of tax concerning previous years	-34,220	-7,372
Adjustment of deferred tax concerning previous years	34,130	7,036
	-30,173	-14,167
9 Distribution of profit		
Reserve for net revaluation under the equity method	-80,667	87,576
Retained earnings	-170,773	93,865
	-251,440	181,441
10 Intangible assets		
	Acquired patents, licenses and other rights	
Cost at 1 January 2022		24,149
Additions for the year		3,895
Cost at 31 December 2022		28,044
Impairment losses and amortisation at 1 January 2022		20,011
Amortisation for the year		2,791
Impairment losses and amortisation at 31 December 2022		22,802
Carrying amount at 31 December 2022		5,242

Notes

11 Tangible assets

	Land and buildings	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2022	45,228	32,348	1,266	78,842
Additions for the year	54	5,950	3,943	9,947
Transfers for the year	0	1,832	-1,832	0
Cost at 31 December 2022	45,282	40,130	3,377	88,789
Impairment losses and depreciation at 1 January 2022	12,567	7,567	0	20,134
Depreciation for the year	0	7,491	0	7,491
Impairment losses and depreciation at 31 December 2022	12,567	15,058	0	27,625
Carrying amount at 31 December 2022	32,715	25,072	3,377	61,164

12 Investments in subsidiaries

	2022 TDKK	2021 TDKK
Cost at 1 January 2022	1,023,517	750,182
Additions for the year	40	273,950
Disposals for the year	0	-615
Cost at 31 December 2022	1,023,557	1,023,517
Revaluations at 1 January 2022	91,908	-74,952
Dividend to the parent company	-245,665	-107,020
Exchange adjustment	-1,075	107
Net profit/loss for the year	-125,674	282,194
Other equity movements, net	0	-7,016
Amortisation of goodwill	-6,248	-6,248
Change in intercompany profit on tangible assets	-13,108	-7,111
Equity investments with negative net asset value transferred to provisions	97,221	11,954
Revaluations at 31 December 2022	-202,641	91,908
Carrying amount at 31 December 2022	820,916	1,115,425

Notes

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Nature Energy 1 A/S	Odense	100%
Nature Energy Ørbæk A/S	Odense	100%
Nature Energy Kors kro 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%
Nature Energy Løgumkloster ApS	Odense	100%

Notes

13 Fixed asset investments

	Other fixed asset investments
Cost at 1 January 2022	1,900
Cost at 31 December 2022	1,900
Carrying amount at 31 December 2022	1,900

14 Provision for deferred tax

	2022 TDKK	2021 TDKK
Provision for deferred tax at 1 January 2022	-34,382	-27,587
Deferred tax recognised in income statement	4,047	-6,795
Provision for deferred tax at 31 December 2022	-30,335	-34,382
Provisions for deferred tax on:		
Transferred to deferred tax asset	30,335	34,382
Deferred tax asset		
Calculated tax asset	30,335	34,382
Carrying amount	30,335	34,382

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

15 Long term debt

After 5 years	27,727	25,361
Between 1 and 5 years	11,113	6,956
Non-current portion	38,840	32,317
Other short-term debt to credit institutions	122,682	1,645
Current portion	122,682	1,645
	161,522	33,962

Notes

	2022	2021
	TDKK	TDKK
16 Rent and lease liabilities		
Operating lease liabilities. Total future lease payments:		
Within 1 year	1,624	1,690
Between 1 and 5 years	1,591	583
After 5 years	0	0
	3,215	2,273

17 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 400 for a 0.5 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, Nature Energy Kværs A/S, Nordliq 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 2022, TDKK 721,749.

Notes

	2022	2021
	TDKK	TDKK
18 Mortgages and collateral		
The following assets have been put up as security for debt to mortgage credit institutions:		
Land and buildings	26,575	28,786
Other fixtures	15,568	0
	42,143	28,786

19 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 as the parent company NGF Partnership K/S.

Accounting policies

The annual report of Nature Energy Biogas A/S for 2022 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 2022 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

Special items

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

Special items 2022 relate to goodwill in connection with business acquisition included within Income from investments in subsidiaries.

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 fixed assets' residual values are determined at nil.

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.

Accounting policies

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.'.

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 cost.

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.

Accounting policies

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.

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.

Accounting policies

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

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	$\frac{\text{Profit/loss before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$