ApS Stake nr. 1851

Knøsgårdvej 115, 9440 Aabybro

Company reg. no. 35 21 05 71

Annual report

1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 23 April 2021.

Jeffrey William Finch
Chairman of the meeting

Contents

Notes to users of the English version of this document:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points remain unchanged from Danish version of the document. This means that DKK 146.940 corresponds to the English amount of DKK 146,940, and that 23,5 % corresponds to 23.5 %.

Management's report

Today, the executive board has presented the annual report of ApS Stake nr. 1851 for the financial year 1 January - 31 December 2020.

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

We consider the accounting policies appropriate and, in our opinion, the consolidated financial statements and the financial statements provide a fair presentation of the assets, equity and liabilities, and the financial position, consolidated and for the company, respectively, at 31 December 2020, and of the result of the activities, consolidated and of the company, respectively, during the financial year 1 January – 31 December 2020.

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

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

Aabybro, 23 April 2021

Executive board

Jeffrey William Finch   John Joseph Calkins

Independent auditor's report

To the shareholder of ApS Stake nr. 1851

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2020, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of ApS Stake nr. 1851 for the financial year 1 January - 31 December 2020, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

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 Group 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement in Management's Review.

Management’s Responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements and Parent Company 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 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 Group’s and the Parent 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 Group or the Parent 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 judgment and maintain professional skepticism 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 Group’s and the Parent 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 Group’s and the Parent 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 Group and the Parent 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.

- 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.

Aalborg, 23 April 2021

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Company reg. no. 33 77 12 31

Line Borregaard
State Authorised Public Accountant
mne34353

Company information

The company	ApS Stake nr. 1851 Knøsgårdvej 115 9440 Aabybro
	Company reg. no. 35 21 05 71 Financial year: 1 January - 31 December
Executive board	Jeffrey William Finch John Joseph Calkins
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Skelagervej 1A 9000 Aalborg
Parent company	Evapco Inc., USA
Subsidiaries	Evapco Air Solutions A/S, Denmark Evapco Europe S.R.L., Italy Evapco Europe NV, Belgium Evapco Australia, Australia Evapco Brasil, Brasil FanTR Technology Resources Ltda., Brasil Evapco Middle East, UAE

Consolidated financial highlights

DKK in thousands.	2020	2019	2018	2017	2016
Income statement:					
Revenue	523.428	559.988	560.565	616.027	579.480
Gross profit	230.824	247.091	252.462	266.115	234.562
Profit from operating activities	27.244	30.432	28.567	29.323	12.523
Net financials	586	-8.590	-13.838	15.210	-6.736
Net profit or loss for the year	18.899	11.891	4.286	26.907	-13.081
Statement of financial position:					
Balance sheet total	521.418	526.244	564.760	569.595	569.015
Investments in property, plant and equipment	3.611	5.056	6.656	11.448	17.569
Equity	393.998	406.394	262.888	230.127	211.815
Cash flows:					
Operating activities	32.511	28.964	15.712	22.780	27.093
Investing activities	-1.393	-2.202	-3.339	-7.443	-19.756
Financing activities	789	-52.143	18.372	13.958	13.461
Total cash flows	31.907	-25.381	30.745	29.295	20.798
Employees:					
Average number of full-time employees	597	620	636	663	679
Key figures in %:					
Gross margin ratio	44,1	44,1	45,0	43,2	40,5
Profit margin (EBIT-margin)	5,2	5,4	5,1	4,8	2,2
Solvency ratio	74,9	76,3	45,7	39,5	36,6
Return on equity	4,7	3,5	1,7	12,6	-6,0

Calculations of key figures and ratios do, in all material respects, follow the recommendations of the Danish Association of Finance Analysts, only in a few respects deviating from the recommendations.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

Gross margin ratio

$$\frac{\text{Gross profit x 100}}{\text{Revenue}}$$

Profit margin (EBIT margin)

$$\frac{\text{Operating profit or loss (EBIT) x 100}}{\text{Revenue}}$$

Consolidated financial highlights

Solvency ratio	$\frac{\text{Equity less non-controlling interests, closing balance x 100}}{\text{Total assets, closing balance}}$
Return on equity	$\frac{\text{*Profit x 100}}{\text{Average equity exclusive of non-controlling interests}}$
***Profit**	Net profit or loss for the year less non-controlling interests' share hereof

Management commentary

The principal activities of the group

The group produces and sells HVAC and industrial refrigeration products.

Uncertainties about recognition or measurement

None.

Development in activities and financial matters

The group saw a small drop in Sales, with some regions ending about 10% lower and other close the sales value achieved last year. We saw the world reacting on the global Corona pandemic and had to anticipate to the lockdowns in the different regions. The group also invested in providing good communication and a safe and Corona-proof working environment for its employees, which proved to be very successful as the group had only registered a handful of cases in its entire organization. Although most of the locations could stay open during the whole of 2020, some entities were closed for a brief period but received local government compensation. Another positive impact in the results are the lower travel and advertising costs and a stable material pricing. This concluded for the group to a result of DKK ('000) 18.899 against DKK ('000) 11.891 last year.

Special risks

Price risk

The group is continuously developing work processes to ensure the capability to maintain its position in the market.

Exchange rate risks

Since we operate in each region and sell within the region in our own currency there is limited exposure. It is the group’s policy to evaluate the need for hedging the commercial currency risks. There were no significant needs for a hedge in 2020 and as such none was placed.

Interest rate risks

The group has no special interest risk.

Environmental issues

The group has no special environmental risks. Our products we make, and sell are from an environmental saving nature, either saving water usage or reduce energy consumption, or both. Our manufacturing facilities operate under high environmental standards and will avoid waste to a maximum. Metals are scrapped and used in a recycling process. We don’t work with hazardous materials and have very limited use of fossil energy. One of our plants is in the process of placing a windmill to provide for its own energy consumption and that of neighboring sites.

Know how resources

The group's ambition is to be on the leading edge on technological development. The group has a substantial base of knowledge.

Research and development activities

To ensure a broad product composition the group seeks to continuously invest in new initiatives such as fans and blades. In addition, R&D programs are set up in the domain of sustainability to save water, decrease energy consumption, sound reductions and diminish the CO2 footprint.

Expected developments

With the Corona pandemic fully under control in some of our areas there are also some other places where for 2021 impacts might be more significant due to new lockdowns or other government decisions that restrict economic growth. Our products are sold into some economic sectors that are facing financial hardship, but they are also sold into sectors that have held ground like the food industry or industries that benefited like the pharmaceutical industry and public organizations. We see a lot of potential in the market but also need to consider that some projects with our customers might face some delays in executing. As most of the evolution for 2021 is therefore unpredictable, it is fair to say that the company will endeavor to achieve the 2020 results.

Statement of corporate social responsibility

Business model

Our corporation is an industry leading manufacturing company with global resources and solutions for worldwide heat transfer applications. We are dedicated to designing and manufacturing the highest quality products for the evaporative cooling and industrial refrigeration markets.

Each year, each entity will define a set of success targets to be achieved during the year. These success targets can range from growth to cost savings but also deal on personnel management, health & safety and compliance.

Environmental policies

Innovation and environmental sustainability go hand in hand at our companies. We are proud to manufacture a wide range of environmentally sustainable products that:

- Conserve water
- Eliminate the need for chemical use in water treatment
- Conserve energy
- Reduce noise pollution
- Reduce Carbon dioxide

Our industrial heat transfer equipment not only conserves natural resources and helps reduce noise pollution, but also features recycled steel content in construction. Our stainless steel units are constructed of panels that contain up to 75 percent of recycled content and our galvanized steel units contain more than 80 percent.

From sound reduction and water conservation to chemical elimination, we are continuously developing new technologies that deliver the ultimate operating advantage to our clients – while protecting the planet for every generation to come.

Given our pro-active approach to environmental aspects, we see no risks at this point, either financial or non-financial. We successfully released in 2020 a new range of products developed in our international laboratory at our US Headquarters. We are not at liberty to disclose the technical specifications but can report that these innovative products are also certified internationally and on European level by independent control institutions.

Human Resources policies

Working for one of our companies means being part of a global team dedicated to delivering localized solutions to global customers. Our focus on innovation and commitment to research, development and continuous improvement ensures we protect the planet for every generation to come.

At all our companies, the people make the difference. As a privately-held employee-owned company, each employee shares in the ownership of the business meaning; each employee has a stake in the company's success, and the company has a stake in each employee's success. Our Staff's engagement and commitment to the business, our customers and each other are recognized and rewarded.

Some key benefits our companies include to our personnel:

- Excellent healthcare benefits
- Training programs for all levels of staff
- Wide variety of supplementary benefits (may be different in each location)

Our values – people, customers, integrity, innovation and excellence - drive our business strategy and decision making. We are focused on:

- Safety for our members of staff in the production area, the warehouses, the office and in the field with our customers
- Always providing first class service to each other and our customers
- Building and coaching employees to drive personal and business growth
- Striving for efficiency, effectiveness and success through innovative thinking

We are committed to creating an environment of ongoing coaching and skill building. Our leadership system is focused on providing every member with the tools, resources and training to ensure we continually grow our talent across the business.

We provide an employee manual for our staff together. We have a strong relationship with our unions in our entities and have a very low turnover of staff.

Given our stable Human Resource environment, we see no risks at this point, either financial or non-financial.

Respect of human rights

In our Company, we are all equally entitled to our human rights without discrimination. These rights are all interrelated. The principles are: Universal and inalienable, Interdependent and indivisible, Equal and non-discriminatory, and Both Rights and Obligations.

Our company is strongly against child labour, forced labour, discrimination and an unhealthy working environment.

Given that we operate in countries where human rights are a fully integrated part of local legislation, we see no risks at this point, either financial or non-financial. We have an active GDPR policy; informing our staff about their rights and protection of their private data. We also take pride in making our company a safe place to work in and are constantly taken new measures to make our staff aware on safety matters. As working hours regulation is also important for our group, we successfully continue to keep the overtime to an absolute minimum.

On June 15th 2020 a strong message was send by our companies leadership that it didn’t tolerate any form of racism and would act (and has acted) to terminate an employment if evidence of racism is proved. Following this communication and update was send on June 17th 2020 reminding everyone on the Code of Conduct, Equal Employment Opportunity Policy and Social Media Policy.

Results from our follow up and monitoring prove that our direction in handling this delicate topic was correct and we didn’t encounter any new conflicts and nourished our policy in respecting the human rights.

Anti-corruption and bribery

Our Companies have specific purchasing and supply departments that manage relationships with suppliers. The department enforces our supply policies, which includes a policy prohibiting relationships with companies that used forced or slave labour, or engage in human trafficking. If the department becomes aware that a supplier is or may be violating this policy, the issue with the supplier will be addressed immediately and swift corrective action will be required, or the supply relationship will be terminated. When a new employee is added to the purchasing and supply department, they receive training to educate them on the dangers of relationships with non-compliant suppliers, the risk factors that can provide tips to identifying non-compliant suppliers, and information on what to do if they become aware of a non-compliance.

Our Companies follow strictly the policies that are written and kept updated at our Headquarters. Each finance department within our companies has the responsibility to guard these policies and act on them as being part of the financial controllership which not only reports on profitability but also on accuracy and applying the corporate policies and observing segregations of duty.

Given that we not yet experienced any corruption or bribery in our entities, we see no risks at this point, either financial or non-financial. In 2020 we held an on line global control conference with the participation of all the financial responsibles and the CFO from Headquarters. Processes were analysed from each of the different entities and also tested to some degree of detail and no discrepancies were reported.

Policies for the under-represented gender

The top level management body only consists of two persons, and so there is no requirement to define a target for the underrepresented gender as per the Danish Business Authority's latest guidance.

The Group's gender diversity policy for the management team emphasizes diversity in the broadest sense and lays out the principle to always hire the most qualified person, regardless of gender, age, nationality, sexual orientation or religious beliefs. When an opening presents itself on the management team, the following recruitment procedures are applied in order to find suitable candidates:

- Candidates of both genders should be on the shortlist for recruitment
- Respect of the GDPR guidelines as we do not want to inquire in personal aspects of a candidate’s life
- Head-hunters are obliged to present candidates of both genders

In 2020 we had some vacancies filled by candidates of both gender close to equality. We always post each vacancy internally before it is made public.

Income statement 1 January - 31 December

DKK thousand.

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
1	Revenue	523.428	559.988	0	0
	Costs of raw materials and consumables	-198.121	-207.084	0	0
	Other external costs	-94.483	-105.813	-749	-708
	Gross profit	**230.824**	**247.091**	**-749**	**-708**
3	Staff costs	-189.785	-199.843	0	0
	Depreciation, amortisation, and impairment	-13.795	-16.816	0	0
	Operating profit	**27.244**	**30.432**	**-749**	**-708**
	Income from equity investments in group enterprises	0	0	18.958	20.845
4	Other financial income	1.495	5.969	403	4.462
5	Other financial costs	-909	-14.559	-30	-12.949
	Pre-tax net profit or loss	**27.830**	**21.842**	**18.582**	**11.650**
6	Tax on net profit or loss for the year	-8.931	-9.951	0	0
7	**Net profit or loss for the year**	**18.899**	**11.891**	**18.582**	**11.650**
	Break-down of the consolidated profit or loss:				
	Shareholders in ApS Stake nr. 1851	18.582	11.650		
	Non-controlling interests	317	241		
		18.899	**11.891**		

Statement of financial position at 31 December

DKK thousand.

Note	Assets	Group 2020	Group 2019	Parent 2020	Parent 2019
	Non-current assets				
8	Completed development projects	1.342	2.848	0	0
9	Trademarks, knowhow etc.	6.223	9.542	0	0
10	Goodwill	7.168	9.138	0	0
	Total intangible assets	14.733	21.528	0	0
11	Property	73.487	79.607	0	0
12	Plant and machinery	25.192	31.376	0	0
13	Other fixtures and fittings, tools and equipment	3.017	3.572	0	0
14	Property, plant, and equipment under construction including pre-payments for property, plant, and equipment	166	0	0	0
	Total property, plant, and equipment	101.862	114.555	0	0
15	Equity investments in group enterprises	0	0	393.297	404.188
	Total investments	0	0	393.297	404.188
	Total non-current assets	**116.595**	**136.083**	**393.297**	**404.188**

Statement of financial position at 31 December

DKK thousand.

Note	Assets	Group 2020	Group 2019	Parent 2020	Parent 2019
	Current assets				
16	Manufactured goods and goods for resale	114.484	113.877	0	0
	Total inventories	114.484	113.877	0	0
	Trade receivables	112.548	124.683	0	0
17	Deferred tax assets	3.554	3.028	0	0
	Other receivables	379	381	0	0
18	Prepayments and accrued income	23.233	29.474	0	0
	Total receivables	139.714	157.566	0	0
	Cash on hand and demand deposits	150.625	118.718	802	1.531
	Total current assets	**404.823**	**390.161**	**802**	**1.531**
	Total assets	**521.418**	**526.244**	**394.099**	**405.719**

Statement of financial position at 31 December

DKK thousand.

Equity and liabilities

Note		Group 2020	Group 2019	Parent 2020	Parent 2019
	Equity				
19	Contributed capital	1.000	1.000	1.000	1.000
	Share premium	0	132.360	0	132.360
	Revaluation reserve	1.287	1.331	0	0
	Reserve for foreign currency translation	-29.849	0	-29.849	0
	Retained earnings	417.935	266.949	419.222	268.280
	Equity before non-controlling interest.	390.373	401.640	390.373	401.640
	Non-controlling interests	3.625	4.754	0	0
	Total equity	**393.998**	**406.394**	**390.373**	**401.640**
	Provisions				
20	Provisions for deferred tax	2.308	2.457	0	0
	Total provisions	**2.308**	**2.457**	**0**	**0**
	Liabilities other than provisions				
21	Other payables	11.688	10.899	0	0
	Total long term liabilities other than provisions	11.688	10.899	0	0

Statement of financial position at 31 December

DKK thousand.

	Equity and liabilities	Group		Parent	
Note		2020	2019	2020	2019
	Trade payables	74.626	69.309	212	188
	Payables to group enterprises	8.910	7.688	3.514	3.891
	Income tax payable	2.279	3.162	0	0
	Other payables	27.609	26.335	0	0
	Total short term liabilities other than provisions	113.424	106.494	3.726	4.079
	Total liabilities other than provisions	**125.112**	**117.393**	**3.726**	**4.079**
	Total equity and liabilities	**521.418**	**526.244**	**394.099**	**405.719**

2 **Fees, auditor**
22 **Charges and security**
23 **Contingencies**
24 **Subsequent events**
25 **Related parties**

Consolidated statement of changes in equity

DKK thousand.

	Contributed capital	Share premium	Revaluation reserve	Reserve for foreign currency translation	Retained earnings	Non-controlling interests
Equity 1 January 2019	80	0	1.375	0	256.841	4.592
Capital conversion	920	132.360	0	0	0	0
Profit or loss for the year brought forward	0	0	0	0	11.650	241
Depreciation and impairment for the year	0	0	-44	0	44	0
Exchange rate adjustment	0	0	0	0	-1.586	-79
Equity 1 January 2020	1.000	132.360	1.331	0	266.949	4.754
Profit or loss for the year brought forward	0	0	0	0	18.582	317
Transferred to retained earnings	0	-132.360	0	0	132.360	0
Depreciation and impairment for the year	0	0	-44	0	44	0
Exchange rate adjustment	0	0	0	-29.849	0	-1.446
	1.000	**0**	**1.287**	**-29.849**	**417.935**	**3.625**

Statement of changes in equity of the parent

DKK thousand.

	Contributed capital	Share premium	Reserve for foreign currency translation	Retained earnings
Equity 1 January 2019	80	0	0	258.216
Capital conversion	920	132.360	0	0
Profit or loss for the year brought forward	0	0	0	11.650
Exchange rate adjustment	0	0	0	-1.586
Equity 1 January 2020	1.000	132.360	0	268.280
Profit or loss for the year brought forward	0	0	0	18.582
Transferred to retained earnings	0	-132.360	0	132.360
Exchange rate adjustment	0	0	-29.849	0
	1.000	**0**	**-29.849**	**419.222**

Statement of cash flows 1 January - 31 December

DKK thousand.

Note		Group 2020	2019
	Net profit or loss for the year	18.899	11.891
26	Adjustments	22.140	35.357
27	Change in working capital	30	2.497
	Cash flows from operating activities before net financials	41.069	49.745
	Interest received, etc.	1.495	5.969
	Interest paid, etc.	-909	-14.559
	Cash flows from ordinary activities	41.655	41.155
	Income tax paid	-9.144	-12.191
	Cash flows from operating activities	**32.511**	**28.964**
	Purchase of property, plant and equipment	-3.611	-5.056
	Sale of property, plant, and equipment	2.218	2.854
	Cash flows from investment activities	**-1.393**	**-2.202**
	Change in other long term debt	789	-185.423
	Cash capital increase	0	133.280
	Cash flows from investment activities	**789**	**-52.143**
	Change in cash and cash equivalents	**31.907**	**-25.381**
	Cash and cash equivalents at 1 January 2020	118.718	144.099
	Cash and cash equivalents at 31 December 2020	**150.625**	**118.718**

		2020	2019
	Cash and cash equivalents		
	Cash on hand and demand deposits	150.625	118.718
	Cash and cash equivalents at 31 December 2020	**150.625**	**118.718**

Notes

DKK thousand.

	Group 2020	Group 2019
1. Revenue		
Europe	354.427	374.397
South America	122.515	134.076
Oceania	46.486	51.515
	523.428	**559.988**

The company's activities are limited to one activity and are marketed globally.

	Group 2020	Group 2019	Parent 2020	Parent 2019
2. Fees, auditor				
Total fee for PricewaterhouseCoopers, Statsautoriseret Revisionspartnerselskab	1.552	1.523	220	152
Fee concerning compulsory audit	1.291	1.326	85	80
Tax consultancy	136	122	16	16
Assurance engagements	0	15	0	0
Other services	125	60	119	56
	1.552	**1.523**	**220**	**152**

	Group 2020	Group 2019
3. Staff costs		
Salaries and wages	149.918	156.787
Pension costs	4.346	4.813
Other costs for social security	35.521	38.243
	189.785	**199.843**
Average number of employees	597	620

The Executive Board has not received separate remuneration in their capacity as directors of ApS Stake nr. 1851.

Notes

DKK thousand.

	Group		Parent	
	2020	2019	2020	2019
4. Other financial income				
Interest, banks	0	0	0	2
Other interest income	1.016	1.316	0	0
Exchange differences	479	4.653	403	4.460
	1.495	**5.969**	**403**	**4.462**

	Group		Parent	
	2020	2019	2020	2019
5. Other financial costs				
Other interest expenses	31	2.168	0	2.112
Exchange differences	878	12.391	30	10.837
	909	**14.559**	**30**	**12.949**

	Group		Parent	
	2020	2019	2020	2019
6. Tax on net profit or loss for the year				
Tax of the results for the year	8.261	9.527	0	0
Adjustment for the year of deferred tax	1.159	-166	0	0
Adjustment of tax for previous years	-489	590	0	0
	8.931	**9.951**	**0**	**0**

DKK thousand.

		Group 2020	Group 2019	Parent 2020	Parent 2019
7.	**Proposed appropriation of net profit**				
	Transferred to retained earnings	18.582	11.650	18.582	11.650
	Minority interests	317	241	0	0
	Total allocations and transfers	**18.899**	**11.891**	**18.582**	**11.650**

		Group 31/12 2020	Group 31/12 2019
8.	**Completed development projects**		
	Cost 1 January 2020	7.594	7.711
	Exchange rate regulation 31 December 2020	-2.226	-117
	Cost 31 December 2020	**5.368**	**7.594**
	Amortisation and writedown 1 January 2020	-4.746	-3.855
	Exchange rate regulation 31 December 2020	1.527	94
	Amortisation for the year	-807	-985
	Amortisation and writedown 31 December 2020	**-4.026**	**-4.746**
	Carrying amount, 31 December 2020	**1.342**	**2.848**

The development projects are recognised in FanTR Technology Resources Ltda. and Evapco Brazil and relate to development of fans, blades, hubs and other product development.

The group's development projects are continuously reviewed for indications of impairment. If this is the case, write-downs are made to lower recoverable value. The ongoing measurement of the recoverable amount of the group's development projects is inherently discretionary.

Notes

DKK thousand.

		Group 31/12 2020	31/12 2019
9.	**Trademarks, knowhow etc.**		
	Cost 1 January 2020	22.637	22.922
	Exchange rate regulation 31 December 2020	-5.394	-285
	Additions during the year	125	0
	Cost 31 December 2020	**17.368**	**22.637**
	Amortisation and writedown 1 January 2020	-13.095	-11.529
	Exchange rate regulation 31 December 2020	2.722	173
	Amortisation for the year	-772	-1.739
	Amortisation and writedown 31 December 2020	**-11.145**	**-13.095**
	Carrying amount, 31 December 2020	**6.223**	**9.542**

		Group 31/12 2020	31/12 2019
10.	**Goodwill**		
	Cost 1 January 2020	25.917	26.073
	Exchange rate regulation 31 December 2020	-2.947	-156
	Cost 31 December 2020	**22.970**	**25.917**
	Amortisation and writedown 1 January 2020	-16.779	-14.931
	Exchange rate regulation 31 December 2020	2.781	162
	Amortisation for the year	-1.804	-2.010
	Amortisation and writedown 31 December 2020	**-15.802**	**-16.779**
	Carrying amount, 31 December 2020	**7.168**	**9.138**

DKK thousand.

		Group	
		31/12 2020	31/12 2019
11.	**Property**		
	Cost 1 January 2020	131.431	130.785
	Additions during the year	406	673
	Exchange rate regulation 31 December 2020	-3.822	-27
	Cost 31 December 2020	**128.015**	**131.431**
	Revaluation 1 January 2020	2.400	2.400
	Revaluation 31 December 2020	**2.400**	**2.400**
	Depreciation and writedown 1 January 2020	-54.224	-50.270
	Exchange rate regulation 31 December 2020	1.150	31
	Depreciation for the year	-3.854	-3.985
	Depreciation and writedown 31 December 2020	**-56.928**	**-54.224**
	Carrying amount, 31 December 2020	**73.487**	**79.607**
	Revaluation less amortisation, depreciation and impairment losses	1.717	1.775

Notes

DKK thousand.

		Group	
		31/12 2020	31/12 2019
12.	**Plant and machinery**		
	Cost 1 January 2020	121.916	120.053
	Additions during the year	2.363	2.793
	Disposals during the year	-2.102	-784
	Exchange rate regulation 31 December 2020	-5.451	-146
	Cost 31 December 2020	**116.726**	**121.916**
	Depreciation and writedown 1 January 2020	-90.540	-84.284
	Exchange rate regulation 31 December 2020	2.554	64
	Depreciation for the year	-5.463	-6.641
	Depreciation, amortisation and writedown for the year, assets disposed of	1.915	321
	Depreciation and writedown 31 December 2020	**-91.534**	**-90.540**
	Carrying amount, 31 December 2020	**25.192**	**31.376**

		Group	
		31/12 2020	31/12 2019
13.	**Other fixtures and fittings, tools and equipment**		
	Cost 1 January 2020	26.828	26.050
	Additions during the year	551	1.590
	Disposals during the year	-216	-819
	Exchange rate regulation 31 December 2020	-83	7
	Cost 31 December 2020	**27.080**	**26.828**
	Amortisation and writedown 1 January 2020	-23.256	-22.537
	Exchange rate regulation 31 December 2020	72	-6
	Depreciation for the year	-1.095	-1.457
	Depreciation, amortisation and writedown for the year, assets disposed of	216	744
	Amortisation and writedown 31 December 2020	**-24.063**	**-23.256**
	Carrying amount, 31 December 2020	**3.017**	**3.572**

Notes

DKK thousand.

		Group	
		31/12 2020	31/12 2019
14.	**Property, plant, and equipment under construction including pre-payments for property, plant, and equipment**		
	Cost 1 January 2020	0	0
	Additions during the year	167	0
	Exchange rate regulation 31 December 2020	-1	0
	Cost 31 December 2020	**166**	**0**
	Carrying amount, 31 December 2020	**166**	**0**

Notes

DKK thousand.

		Parent	
		31/12 2020	31/12 2019
15.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2020	444.918	438.356
	Additions during the year	0	6.562
	Cost 31 December 2020	**444.918**	**444.918**
	Revaluations, opening balance 1 January 2020	-37.274	-15.413
	Exchange rate regulation	-29.849	-1.586
	Results for the year before goodwill amortisation	19.822	21.709
	Dividend	0	-41.984
	Revaluation 31 December 2020	**-47.301**	**-37.274**
	Amortisation of goodwill, opening balance 1 January 2020	-3.456	-2.592
	Amortisation of goodwill for the year	-864	-864
	Depreciation on goodwill 31 December 2020	**-4.320**	**-3.456**
	Carrying amount, 31 December 2020	**393.297**	**404.188**
	The item includes goodwill with an amount of	7.168	8.032

Financial highlights for the enterprises according to the latest approved annual reports

DKK in thousands	**Equity interest**	**Equity**	**Results for the year**
Evapco Air Solutions A/S, Denmark	100 %	66.180	-2.015
Evapco Europe S.R.L., Italy	100 %	91.351	6.280
Evapco Europe NV, Belgium	99,99 %	127.892	5.962
Evapco Australia, Australia	100 %	28.374	724
Evapco Brasil, Brasil	100 %	39.806	6.033
FanTR Technology Resources Ltda., Brasil	89,95 %	36.068	3.156
Evapco Middle East, UAE	100 %	82	0
		389.753	**20.140**

DKK thousand.

	Group	
	31/12 2020	31/12 2019
16. Manufactured goods and goods for resale		
Raw materials and consumable materials	83.551	84.849
Work in progress	20.791	18.533
Finished goods	10.142	10.495
	114.484	**113.877**

	Group	
	31/12 2020	31/12 2019
17. Deferred tax assets		
Deferred tax assets 1 January 2020	3.028	737
Deferred tax of the results for the year	526	2.291
	3.554	**3.028**

Deferred tax assets consists of temporary difference related to tangible assets.

18. Prepayments and accrued income

Prepayments comprises prepaid expenses.

	Group		Parent	
	31/12 2020	31/12 2019	31/12 2020	31/12 2019
19. Contributed capital				
Contributed capital 1 January 2020	1.000	80	1.000	80
Capital conversion	0	920	0	920
	1.000	**1.000**	**1.000**	**1.000**

DKK thousand.

		Group	
		31/12 2020	31/12 2019
20.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2020	2.457	2.457
	Deferred tax of the results for the year	-149	0
		2.308	**2.457**

Provision for deferred tax consits of temporary differences related to property plant and equipment.

		Group	
		31/12 2020	31/12 2019
21.	**Other payables**		
	Total other payables	**11.688**	**10.899**
	Share of liabilities due after 5 years	0	0

22. Charges and security

Property with a carrying amount of DKK ('000) 23.946 (2019 DKK ('000) 24.533) have been placed as security for payables.

The group has issued bank guarantees and performance bonds amounting to DKK ('000) 3.885.

23. Contingencies

Contingent assets

The group has a total loss of DKK ('000) 16.602, which is not recognized as a tax asset in the annual report. Due to significant uncertainty as to whether the amount can be expected to be used within a shorter number of years, the deferred tax asset is not recognized in the balance sheet.

The company has a total loss of DKK ('000) 10.229, which is not recognized as a tax asset in the annual report. Due to significant uncertainty as to whether the amount can be expected to be used within a shorter number of years, the deferred tax asset is not recognized in the balance sheet.

DKK thousand.

23. Contingencies (continued)

Contingent liabilities

The group has entered into a operating lease contract with a commitment of DKK ('000) 4.819.

The group has intered into documentary credit agreements with a total obligation amounting to DKK ('000) 2,470.

The parent company has no contingent liabilities.

Joint taxation

The company acts as administration company for the group of companies subject to the Danish scheme of joint taxation and is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, to pay the total corporation tax.

The company is unlimitedly, jointly, and severally liable, along with the other jointly taxed companies, for any obligations to withhold tax on interest, royalties, and dividends.

Any subsequent adjustments of corporate taxes or withholding taxes, etc., may result in changes in the company's liabilities.

24. Subsequent events

No events have occurred after the balance sheet date which materially affect the assessment of the annual report.

25. Related parties

Controlling interest

Evapco Inc. 5151 Allendale Lane Taneytown, MD 21787 USA	Majority shareholder

Transactions

According to the Danish Financial Statement Act section 98 c transactions with related parties are not disclosed as all transactions have been affected at arm's length.

DKK thousand.

		Group 2020	2019
26.	**Adjustments**		
	Depreciation, amortisation, and impairment	13.795	16.816
	Other financial income	-1.495	-5.969
	Other financial costs	909	14.559
	Tax on net profit or loss for the year	8.931	9.951
		22.140	**35.357**

		Group 2020	2019
27.	**Change in working capital**		
	Change in inventories	-607	2.881
	Change in receivables	18.378	40
	Change in trade payables and other payables	7.813	1.035
	Exchange rate adjustments	-25.554	-1.459
		30	**2.497**

Accounting policies

The annual report for ApS Stake nr. 1851 has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

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

Recognition and measurement in general

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

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

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

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

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

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

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

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Group enterprises abroad, associates, and equity investments are considered to be independent entities. The income statements are translated at an average exchange rate for the month, and the balance sheet items are translated at the closing rates. Currency translation differences, arising from the translation of the equity of group enterprises abroad at the beginning of the year to the closing rate and from the translation of income statements from average prices to the closing rate, are recognised directly in equity in the fair value reserve. This also applies to differences arising from translation of income statements from average exchange rate to closing rate.

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

The consolidated financial statements

The consolidated income statements comprise the parent company ApS Stake nr. 1851 and those group enterprises of which ApS Stake nr. 1851 directly or indirectly owns more than 50 % of the voting rights or in other ways exercise control.

Consolidation policies

The consolidated financial statements have been prepared as a summary of the parent company's and the group enterprises' financial statements by adding together uniform accounting records calculated in accordance with the group's accounting policies.

Investments in group enterprises are eliminated by the proportionate share of the group enterprises' market value of net assets and liabilities at the acquisition date.

In the consolidated financial statements, the accounting records of the group enterprises are recognised by 100%. The minority interests' share of the profit for the year and of the equity in the group enterprises, which are not 100% owned, is included in the group's profit and equity, but presented separately.

Purchases and sales of minority interests under continuing control are recognised directly in equity as a transaction between shareholders.

Non-controlling interests

Non-controlling interests constitute a share of the group's total equity. By distribution of net profit, profit or loss for the year is distributed on the share attributable to the non-controlling interests and the share attributable to the parent's shareholders respectively.

Income statement

Revenue

The enterprise will be applying IAS 11 and IAS 18 as its basis of interpretation for the recognition of revenue.

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

Cost of sales

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

Other external costs

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

Staff costs

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

Depreciation, amortisation, and writedown for impairment

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

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, financial expenses from financial leasing, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, amortisation of financial assets and liabilities as well as surcharges and reimbursements under the advance tax scheme, etc.

Results from equity investments in group enterprises

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

Tax on net profit or loss for the year

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

The parent and the Danish group enterprises are subject to Danish rules on compulsory joint taxation of Danish group enterprises. The parent acts as an administration company in relation to the joint taxation. This means that the total Danish income tax payable by the Danish group companies is paid to the tax authorities by the company.

The current Danish income tax is allocated among the jointly taxed companies proportional to their respective taxable income (full allocation with reimbursement of tax losses).

Statement of financial position

Intangible assets

Completed development projects, trademarks and knowhow

Development costs comprise e.g. salaries, wages, and amortisation which directly and indirectly refer to the development activities.

Clearly defined and identifiable development projects are recognised as intangible fixed assets provided that the technical feasibility, sufficient resources, and a potential market or a development opportunity can be demonstrated, and provided that it is the intention to produce, market or utilise the project. It is, however, a condition that the cost can be calculated reliably and that a sufficiently high degree of certainty indicates that future earnings will cover the costs for production, sales, and administration. Other development costs are recognised in the profit and loss account concurrently with their realisation.

Development costs recognised in the balance sheet are measured at cost with deduction of accrued depreciation and writedown.

After completion of the development work, capitalised development costs are amortised on a straight line basis over the estimated financial useful life. Usually, the amortisation period is 5 years.

Trademarks, knowhow etc. are measured at cost with deduction of accrued amortisation. Trademarks and knowhow are amortised on a straight-line basis over the remaining contract period.

Gain and loss from the sale of completed development projects, trademarks and knowhow are measured as the difference between the sales price with deduction of sales costs and the book value at the time of the sale. Gain or loss are recognised in the profit and loss account as other operating income or other operating expenses respectively.

Goodwill

Acquired goodwill is measured at cost with deduction of accumulated amortisation. The amortisation period is between 10-20 years and is based on management experience with relevant business area.

Property, plant, and equipment

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

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

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

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

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

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

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

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

The cost of a total asset is divided into separate components. These components are depreciated separately, the useful lives of each individual components differing, and the individual component representing a material part of the total cost.

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

	Useful life	Residual value
Property	25-40 years	20 %
Plant and machinery	5-8 years	0-20 %
Other fixtures and fittings, tools and equipment	3-10 years	0-20 %

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

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

Leases

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

Impairment loss relating to non-current assets

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

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

The recoverable amount is the higher value of value in use and selling price less expected selling cost. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the asset group and expected net cash flows from the sale of the asset or the asset group after the end of their useful life.

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

Investments

Equity in group enterprises

Equity in group enterprises are recognised and measured by applying the equity method. The equity method is used as a method of consolidation.

Equity in group enterprises recognised in the statement of financial position at the proportionate share of the enterprise's equity value. This value is calculated in accordance with the parent's accounting policies with deductions or additions of unrealised intercompany gains and losses as well as with additions or deductions of the remaining value of positive or negative goodwill calculated in accordance with the acquisition method. Negative goodwill is recognised in the income statement at the time of acquisition of the equity investment. If the negative goodwill relates to contingent liabilities acquired, negative goodwill is not recognised until the contingent liabilities have been settled or lapsed.

Consolidated goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. Consolidated goodwill is amortised on a straight-line basis over the amortisation period, which represent 5-20 years. The depreciation period is determined on the basis of an assessment that these are strategically acquired enterpriseswith a strong market position and a long-term earnings profile.

In relation to material assets and liabilities recognised in group enterprises, associates and equity interests but are not represented in the parent, the following accounting policies have been applied.

Equity in group enterprises with a negative equity value measured at DKK 0, and any accounts receivable from these enterprises are written down to the extent that the account receivable is uncollectible. To the extent that the parent has a legal or constructive obligation to cover an negative balance that exceeds the account receivable, the remaining amount is recognised under provisions.

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

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

On the acquisition of enterprises, the acquisition method, the uniting-of-interests method or the book value method is applied, cf. the above description under Business combinations.

Inventories

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

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

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

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

Receivables

Receivables are measured at amortised cost, which usually corresponds to nominal value.

In order to meet expected losses, impairment takes place at the net realisable value. The company has chosen to use IAS 39 as a basis for interpretation when recognising impairment of financial assets, which means that impairments must be made to offset losses where an objective indication is deemed to have occurred that an account receivable or a portfolio of accounts receivable is impaired.If an objective indication shows that an individual account receivable has been impaired, an impairment takes place at individual level.

Accounts receivable for which there is no objective indication of impairment at the individual level are evaluated at portfolio level for objective indication of impairment. The portfolios are primarily based on the debtors' domicile and credit rating in accordance with the company's and the group's credit risk management policy. Determination of the objective indicators applied for portfolios are based on experience with historical losses.

Impairment losses are calculated as the difference between the carrying amount of accounts receivable and the present value of the expected cash flows, including the realisable value of any securities received. The effective interest rate for the individual account receivable or portfolio is used as the discount rate.

Prepayments and accrued income

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

Cash on hand and demand deposits

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

Equity

Share premium

Share premium comprises premium payments made in connection with the issue of shares. Costs incurred for carrying through an issue are deducted from the premium.

The premium reserve can be used for dividend, for issuing bonus shares, and for covering losses.

Revaluation reserve

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property.

The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

Reserve for foreign currency translation

The reserve for foreign currency translation arises when translating accounting items in foreign currency.

The reserve is dissolved once the value adjustments have been applied or reversed.

The reserve is distributable.

Income tax and deferred tax

As administration company, ApS Stake nr. 1851 is liable to the tax authorities for the subsidiaries' corporate income taxes.

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

The company is jointly taxed with consolidated Danish companies. The current corporate income tax is distributed between the jointly taxed companies in proportion to their taxable income and with full distribution with reimbursement as to tax losses. The jointly taxed companies are comprised by the Danish tax prepayment scheme.

Joint taxation contributions payable and receivable are recognised in the statement of financial position as ”Income tax receivable” or “Income tax payable”.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Adjustments take place in relation to deferred tax concerning elimination of unrealised intercompany gains and losses.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Deferred tax assets, including the tax value of tax losses allowed for carryforward, are recognised at the value at which they are expected to be realisable, either by settlement against tax of future earnings or by set-off in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisable value.

Liabilities other than provisions

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

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Statement of cash flows

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

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the group's share of the profit adjusted for non-cash operating items, changes in the working capital, and corporate income tax paid. Dividend income from equity investments are recognised under “Interest income and dividend received”.

Cash flows from investment activities

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

Cash flows from financing activities

Cash flows from financing activities include changes in the size or the composition of the group's share capital and costs attached to it, as well as raising loans, repayments of interest-bearing payables and payment of dividend to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand.