NGI Holding ApS

Virkelyst 5, 9400 Nørresundby

Company reg. no. 35 63 98 53

Annual report

1 January - 31 December 2019

The annual report was submitted and approved by the general meeting on the 13 May 2020.

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Andrea Volpi
Chairman of the meeting

Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS British English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Contents

Management's report

The board of directors and the managing director have today presented the annual report of NGI Holding ApS for the financial year 1 January to 31 December 2019.

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

We consider the accounting policies used appropriate, and in our opinion, the consolidated annual accounts and the annual accounts provide a true and fair view of the assets, the liabilities and the financial position, consolidated and for the company respectively at 31 December 2019, and of the results of the activities, consolidated and of the company respectively and of consolidated cash flows in the financial year 1 January to 31 December 2019.

We are of the opinion that the management's review includes a fair description of the issues dealt with.

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

Nørresundby, 29 April 2020

Managing Director

Jan Nygaard

Board of directors

Andrea Volpi

Jan Nygaard

Richard Neil Smith

Independent auditor's report

To the shareholders of NGI Holding ApS

Opinion

We have audited the consolidated annual accounts and the annual accounts of NGI Holding ApS for the financial year 1 January to 31 December 2019, which comprise accounting policies used, profit and loss account, balance sheet, statement of changes in equity and notes, consolidated and for the company respectively and consolidated cash flow statement. The consolidated annual accounts and the annual accounts are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated annual accounts and the annual accounts give a true and fair view of the assets, liabilities and financial position, consolidated and for the company respectively at 31 December 2019 and of the results of the company's operations, consolidated and for the company respectively and of consolidated cash flows for the financial year 1 January to 31 December 2019 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the below section "Auditor's responsibilities for the audit of the consolidated annual accounts and the annual accounts". We are independent of the company in accordance with international ethics standards for accountants (IESBA's Code of Ethics) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these standards and requirements. We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our opinion.

The management's responsibilities for the consolidated annual accounts and the annual accounts

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

In preparing the consolidated annual accounts and the annual accounts, the management is responsible for evaluating the group's and the company's ability to continue as a going concern, and, when relevant, disclosing matters related to going concern and using the going concern basis of accounting when preparing the consolidated annual accounts and the annual accounts, unless the management either intends to liquidate the group or the company or to cease operations, or if it has no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the consolidated annual accounts and the annual accounts

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts and the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements may arise due to fraud or error and may be considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions made by users on the basis of the consolidated annual accounts and the annual accounts.

As part of an audit conducted in accordance with international standards on auditing and the additional requirements applicable in Denmark, we exercise professional evaluations and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement in the consolidated annual accounts and the annual accounts, whether due to fraud or error, design and perform audit procedures in response 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 the risk of not detecting a misstatement resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the 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 company’s internal control.

- Evaluate the appropriateness of accounting policies used by the management and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of the management’s preparation of the consolidated annual accounts and the annual accounts being based on the going concern principle and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may raise significant doubt about the group’s and 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 consolidated annual accounts and the annual accounts 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 company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the consolidated annual accounts and the annual accounts, including the disclosures in the notes, and whether the consolidated annual accounts and the annual accounts reflect the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or the business activities within the group to express an opinion on the consolidated annual accounts. 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 the internal control that we identify during our audit.

Statement on the management's review

The management is responsible for the management's review.

Our opinion on the consolidated annual accounts and the annual accounts does not cover the management’s review, and we do not express any kind of assurance opinion on the management's review.

In connection with our audit of the consolidated annual accounts and the annual accounts, our responsibility is to read the management’s review and in that connection consider whether the management’s review is materially inconsistent with the consolidated annual accounts or the annual accounts or our knowledge obtained during the audit, or whether it otherwise appears to contain material misstatement.

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

Based on the work we have performed, we believe that the management's review is in accordance with the consolidated annual accounts and the annual accounts and that it has been prepared in accordance with the requirements of the Danish Financial Statement Acts. We did not find any material misstatement in the management's review.

Copenhagen, 29 April 2020

BUUS JENSEN
State Authorised Public Accountants
Company reg. no. 16 11 90 40

Ulrik Nørskov State Authorised Public Accountant mne29456	Benjamin Møller Obel State Authorised Public Accountant mne44149

Company information

The company	NGI Holding ApS Virkelyst 5 9400 Nørresundby	
	Company reg. no.	35 63 98 53
	Established:	14 January 2014
	Domicile:	Aalborg
	Financial year:	1 January - 31 December 6th financial year
Board of directors	Andrea Volpi Jan Nygaard Richard Neil Smith	
Managing Director	Jan Nygaard	
Auditors	BUUS JENSEN, Statsautoriserede revisorer	

Consolidated financial highlights

DKK in thousands.	2019	2018	2017	2016
Profit and loss account:				
Gross profit	129.891	122.377	110.073	96.550
Results from operating activities	47.509	37.022	33.755	31.270
Net financials	-882	-2.204	-7.684	-4.601
Results for the year	33.620	22.918	18.364	18.015
Balance sheet:				
Balance sheet sum	365.572	338.665	313.872	300.020
Equity	319.790	286.171	63.695	146.009
Cash flow:				
Operating activities	39.334	42.211	25.058	44.706
Investment activities	-12.931	-10.233	-8.029	-5.352
Financing activities	-588	81.860	-69.760	-42.992
Cash flow in total	25.815	113.837	-52.732	-3.638
Employees:				
Average number of full time employees	120	107	98	85
Key figures in %:				
Acid test ratio	425,4	287,9	102,4	-
Solvency ratio	87,5	84,5	20,3	48,7
Return on equity	11,1	13,1	17,5	13,1

The calculation of key figures and ratios does in all material respects follow the Danish Association of Finance Analysts' recommendations and does only in a few respects deviate from the recommendations.

The key figures appearing from the survey have been calculated as follows:

Acid test ratio $$\frac{\text{Current assets x 100}}{\text{Short-term liabilities}}$$

Equity share $$\frac{\text{Equity, closing balance x 100}}{\text{Assets in total, closing balance}}$$

Return on equity $$\frac{\text{Results for the year x 100}}{\text{Average equity}}$$

Management commentary

The principal activities of the group

The Group's purpose is developing, producing and selling steel and rubber components as semifinished products to the machine industry.

Development in activities and financial matters

The gross profit for the year is DKK 129.891.000 against DKK 122.377.000 last year. The results from ordinary activities after tax are DKK 33.618.000 against DKK 22.918.000 last year..

The development in profit and cash flows are in line with management's expectations from last year.

The management consider the results satisfactory.

Own shares

The enterprise’s holding of own shares is 600 A shares of DKK 1 each, corresponding to 0,33 % of the contributed capital at year end.

Special risks

Operating risks

The Group's purchase price on raw material is largely dependent on developments in the steel price.
The Group has uncovered this risk, as the company's sales prices also vary with the development.

Exchange rate risks

Exports are mainly in EUR and USD. No exchange rate risk hedging agreements will be made.

Research and development activities

Continuous adaptation and improvement of the Group's products are being made. Costs associated in the development of products are recognised under development projects in the balance sheet.

The expected development

The Group's management's expectation for 2020 are that the Group will continue its positive development and improve its gross profit and cash flow.

Accounting policies

The annual report for NGI Holding ApS is presented in accordance with those regulations of the Danish Financial Statements Act concerning companies identified as class C enterprises (medium sized enterprises).

The accounting policies used are unchanged compared to last year, and the annual accounts are presented in Danish kroner (DKK).

Recognition and measurement in general

Income is recognised in the profit and loss account concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs, these including depreciation, amortisation, writedown, provisions, and reversals which are due to changes in estimated amounts previously recognised in the profit and loss account are recognised in the profit and loss account.

Assets are recognised in the balance sheet when the group is liable to achieve future, financial benefits and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the group is liable to lose future, financial benefits and the value of the liability can be measured reliably.

At the first recognition, assets and liabilities are measured at cost. Later, assets and liabilities are measured as described below for each individual accounting item.

Fixed asset investments and liabilities are measured at amortised cost, by which method a fixed, effective interest is recognised during the useful life of the asset or the liability. Amortised cost is recognised as the original cost with deduction of any payments and additions/deductions of the accrued amortisation of the difference between cost and nominal amount. In this way capital losses and capital profits are spread over the useful life.

At recognition and measurement, such predictable losses and risks are taken into consideration, which may appear before the annual report is presented, and which concerns matters existing on the balance sheet date.

Translation of foreign currency

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.

Debtors, creditors, and other monetary items in foreign currency are translated by using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or the recognition in the latest annual accounts of the amount owed or the liability is recognised in the profit and loss account under financial income and expenses.

Fixed assets and other non-monetary assets acquired in foreign currency and which are not considered to be investment assets purchased in foreign currencies are measured at the exchange rate on the transaction date.

The consolidated annual accounts

The consolidated annual accounts comprise the parent company NGI Holding ApS and those group enterprises of which NGI Holding ApS directly or indirectly owns more than 50 % of the voting rights or in other ways has controlling interest. As it appears from the group chart, enterprises of which the group owns between 20 and 50 % of the voting rights and exercises considerable, but not controlling interest are considered associated enterprises.

By the consolidation, elimination of intercompany income and costs, shareholding, intercompany balances and dividends and realised and unrealised gains and losses from transactions among the consolidated enterprises takes place.

Equity interests in group enterprises are settled by the proportional share of the group enterprises' trade value of net assets and liabilities at the date of acquisition.

Newly acquired or newly established enterprises are recognised in the consolidated annual accounts as of the date of acquisition. Disposed or terminated enterprises are recognised in the consolidated annual accounts until the date of disposal. In relation to newly acquired, disposed or terminated enterprises, comparative figures are not adjusted.

In connection with the acquisition of new enterprises, the acquisition method is applied, by which the acquirees' identifiable assets and liabilities are measured at fair value at the time of acquisition. Costs for restructuring which are recognised in the acquiree before the acquisition date and which have not been agreed upon as part of the acquisition, are recognised in the pre-acquisition balance sheet and thereby forms part of the measurement of goodwill. Restructuring decided by the acquiree is recognised in the profit and loss account. The tax effect of the revaluations carried out is taken into consideration.

Positive balances (goodwill) between cost and fair value of the acquired, identifiable assets and liabilities, including provisions for restructuring, are recognised under intangible fixed assets and in accordance with an individual evaluation allocated on a systematic basis over their useful lives in the profit and loss account. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Goodwill and negative goodwill from acquirees may be adjusted until 12 months after the acquisition.

In case of business combinations such as acquisition and sale of equity investments, mergers, demergers, addition of assets and exchange of shares etc. with participation of enterprises under the control of the parent company, the book-value method is applied, in which case the merger is considered implemented at the date of acquisition without any restatement of the comparative figures. Differences between the agreed consideration and the book value of the acquiree are recognised in the equity.

Income statement

Gross profit

The gross profit comprises the net turnover, changes in inventories of finished goods and work in progress, work performed for own purposes and capitalised, other operating income, and external costs.

The net turnover is recognised in the profit and loss account if delivery and risk transfer to the buyer have taken place before the end of the year, and if the income can be determined reliably and is expected to be received. The net turnover is recognised exclusive of VAT and taxes and with the deduction of any discounts granted in connection with the sale.

Contract work in progress concerning construction contracts is recognised concurrently in the net turnover with the progress of the production. Thus the net turnover corresponds to the sales value of the completed productions of the year (the production method). The net turnover is recognised when the total income and costs of the contract and the scope of completion on the balance sheet date can be determined reliably, and when it is likely that the financial benefits will be received by the company.

When the results of a contract can not be determined reliably, the net turnover is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Costs of sales includes costs for the purchase of raw materials and consumables less discounts and changes in inventories.

Staff costs

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

Depreciation, amortisation and writedown

Depreciation, amortisation and writedown comprise depreciation on, amortisation of and writedown relating to intangible and tangible fixed assets respectively.

Net financials

Net financials comprise interest, realised and unrealised capital gains and losses concerning financial assets and liabilities, amortisation of financial assets and liabilities, additions and reimbursements under the Danish tax prepayment scheme, etc. Financial income and expenses are recognised in the profit and loss account with the amounts that concerns the financial year.

Dividend from equity investments is recognised in the financial year where the dividend is declared.

Results from equity investments in group enterprises

After full elimination of intercompany profit or loss and deduction of amortisation of goodwill and addition of negative goodwill, the equity investment in the individual group enterprises are recognised in the profit and loss account at a proportional share of the group enterprises' results after tax.

Tax of the results for the year

The tax for the year comprises the current tax for the year and the changes in deferred tax, and it is recognised in the profit and loss account with the share referring to the results for the year and directly in the equity with the share referring to entries directly on the equity.

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

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

The balance sheet

Intangible fixed assets

Development projects, patents, and licences

Development costs comprise e.g. salaries, wages, and amortisation which directly 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.

Patents and licenses are measured at cost with deduction of accrued amortisation. Patents are amortised on a straight-line basis over the remaining patent period, and licenses are amortised, usually over 3 years, however, for a maximum of 5 years.

Gain and loss from the sale of development projects, patents, and licenses 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

Goodwill is amortised over its estimated useful life, which is determined on the basis of the management's experience with the individual business areas. The amortisation period is determined on the basis of the company having a strong position in its market areas and is the market leader in its core area. During the past 5 years, the Group has realised rising earnings and based on management's expectations, the company has positive expectations for future earnings. Based on this, a amortisation period of 20 years is incorporated in the financial statement.

Tangible fixed assets

Other tangible fixed assets are measured at cost with deduction of accrued depreciation and writedown.

The basis of depreciation is cost with deduction of 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 book value, the amortisation discontinues.

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

The cost comprises the acquisition cost and costs directly attached to 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.

Depreciation takes place on a straight line basis and based on an evaluation of the expected useful life:

	Useful life
Technical plants and machinery	*5-8 years*
Other plants, operating assets, fixtures and furniture	*3-5 years*

Minor assets with an expected useful life of less than 1 year are recognised as costs in the profit and loss account in the year of acquisition.

Profit or loss deriving from the sales of tangible fixed assets is measured as the difference between the sales price reduced by the selling costs and the book value at the time of the sale. Profit or losses are recognised in the profit and loss account as other operating income or other operating expenses.

Leases

At the first recognition in the balance sheet, leases concerning tangible fixed assets by which the group holds all essential risks and advantages attached to the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the internal interest rate of the lease or alternatively the borrowing rate of the enterprise is used as discount rate. Afterwards, assets held under a finance lease are treated in the same way as other similar tangible assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest part of the lease is recognised in the profit and loss account over the term of the contract.

Leases are regarded as operating leases. Payments in connection with operating leases and other rental agreements are recognised in the profit and loss account over the term of the contract. The group's total liabilities concerning operating leases and rental agreements are recognised under contingencies etc.

Writedown of fixed assets

The book values of both intangible and tangible fixed assets as well as equity investments in subsidiaries and associated 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 takes place to the recoverable amount, if this value is lower than the book value.

The recoverable value is equal to the value of the net selling price or the value in use, whichever is higher. The value in use is determined as the present value of the expected net cash flow deriving from the use of the asset or the group of assets.

Previously recognised writedown is reversed when the condition for the writedown no longer exist. Writedown relating to goodwill is not reversed.

Financial fixed assets

Equity investments in group enterprises

Equity investments in group enterprises are recognised in the balance sheet at a proportional share under the equity method, the value being calculated on the basis of the accounting policies of the parent company by the deduction or addition of unrealised intercompany profits and losses, and with the addition or deduction of residual value of positive or negative goodwill measured by applying the acquisition method.

Group enterprises and associated enterprises with negative equity are recognised without any value, and to the extent they are considered irrevocable, amounts owed by these companies are written down by the parent's share of the equity. If the negative equity exceeds the debtors, the residual amount is recognised under liability provisions to the extent the parent has a legal or actual liability to cover the negative equity of the subsidiary.

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

Newly taken over or newly established companies are recognised in the annual accounts as of the time of acquisition. Sold or liquidated companies are recognised at the time of cession.

Profit or loss in connection with the sale of group enterprises are measured as the difference between the sales amount and the book value of net assets at the time of the sale, inclusive of remaining consolidated goodwill and expected costs for sale and cession. Profit and loss are recognised in the profit and loss account under net financials.

In connection with the acquisition of new group enterprises and associated enterprises, the acquisition method is applied, by which the acquirees' assets and liabilities are measured at fair value at the time of acquisition. Provisions for payment of costs for decided restructuring activities in the acquirees in relation to the acquisition are recognised. The tax effect of the revaluations carried out is taken into consideration.

Positive differences (goodwill) between cost and fair value of identifiable, acquired assets and liabilities, inclusive of liability provisions for restructuring, are recognised under equity investments in group enterprises, and they are amortised over their estimated useful life. The useful life is determined on the basis of the management's experience with the individual business areas. The amortisation period is maximum 20 years, being the longer for strategical acquirees with a strong market position and a long-range earnings potential. The book value of goodwill is evaluated currently and written down in the profit and loss account in those cases where the book value exceeds the expected future net income from the enterprise or the activity, to which the goodwill is attached. Negative balances (negative goodwill) is recognised as income in the profit and loss account at the date of acquisition when the general requirements for recognition of income are met.

Inventories

Inventories are measured at cost on basis of the FIFO method. In case the net realisable value of the inventories is lower than the cost, writedown takes place to this lower value.

The cost for trade goods, raw materials, and consumables comprises the acquisition cost with the addition of the delivery costs.

The cost for manufactured goods and works in progress comprises the cost for raw materials, consumables, direct wages, and indirect production costs. Indirect production costs comprise indirect materials and wages, maintenance of and depreciation on machinery, factory buildings and equipment applied during the production process, and costs for factory administration and factory management. Borrowing costs are not recognised in cost.

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

Debtors

Debtors are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, writedown takes place at the net realisable value.

Work in progress for the account of others

Contract work in progress is measured at the selling price of the work performed, however with deduction of invoicing on account and expected losses. Contract work in progress is characterised by the manufactured goods featuring a high level of individualisation in the design.

The selling price is measured on the basis of the stage of completion on the balance sheet date and the total expected income from the individual contracts. The stage of completion is determined on the basis of an evaluation of the work performed, usually determined as the ratio of the costs incurred to the total expected cost of the contract in question.

If the results of a contract can not be estimated reliably, the selling price is only recognised on a cost basis, however, to the extent that it is probable that the costs will be recovered.

Contracts for which the selling price of the work performed exceeds invoicing on account and expected losses are recognised as trade debtors. Contracts for which invoicing on account and expected losses exceed the selling price are recognised as liabilities.

Prepayments from customers are recognised under liabilities.

Costs in connection with sales work and the achievement of contracts are recognised in the profit and loss account when incurred.

Accrued income and deferred expenses

Accrued income and deferred expenses recognised under assets comprise incurred costs concerning the next financial year.

Available funds

Available funds comprise cash at bank and in hand.

Equity

Reserves for development costs

Reserves for development costs comprise recognised development costs with deduction of related deferred tax liabilities. The reserves can not be used as dividend or for payment of losses. The reserves are reduced or dissolved if the recognised development costs are amortised or abandoned. This takes place by direct transfer to the distributable reserves of the equity.

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under the equity. Proposed dividend is recognised as a liability at the time of approval by the general meeting (the time of declaration).

Corporate tax and deferred tax

Current tax receivable and tax liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivable and tax liabilities are set off to the extent that legal right of set-off exists and if the items are expected to be settled net or simultaneously.

NGI Holding ApS is jointly taxed with the Danish group companies and acts in this respect as the administration company. According to the rules of joint taxation, NGI Holding ApS is unlimited, jointly and severally liable towards the Danish tax authorities for the total corporation tax, including withholding tax on interest, royalties and dividends, arising within the jointly taxed group of companies.

Deferred tax is measured on the basis of all temporary differences in assets and liabilities with a balance sheet focus.

Deferred tax assets, including the tax value of tax losses eligible for carry?over, 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.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation on the balance sheet date and prevailing when the deferred tax is expected to be released as current tax.

Liabilities

Financial liabilities related to borrowings are recognised at the received proceeds with the deduction of transaction costs incurred. In following periods, the financial liabilities are recognised at amortised cost, corresponding to the capitalised value by use of the effective interest. The difference between the proceeds and the nominal value is recognised in the profit and loss account during the term of the loan.

Also capitalised residual leasing liabilities in connection with financial leasing contracts are recognised in the financial liabilities.

Other liabilities are measured at amortised cost which usually corresponds to the nominal value.

The cash flow statement

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

The effect of cash flow deriving from purchase and sale of enterprises appears separately under cash flow from investment activities. In the cash flow statement, cash flow deriving from purchased enterprises is recognised as of the date of acquisition, and cash flow deriving from sold enterprises is recognised until the sales date.

Cash flow from operating activities

Cash flow from operating activities are calculated as the results for the year adjusted for non-cash operating items, the change in the working capital, and corporate tax paid.

Cash flow from investment activities

Cash flow from investment activities comprises payments in connection with the acquisition and sale of enterprises and activities as well as the acquisition and sale of intangible and tangible fixed assets and fixed asset investments respectively.

Cash flow from financing activities

Cash flow from financing activities comprises changes in the size or the composition of the share capital and the costs in this connection. Furthermore, these activities comprise borrowings, instalments on interestbearing debt, and payment of dividend to the shareholders.

Available funds

Available funds comprise cash funds with deduction of short-term bank debt and short-term securities with a term of less than 3 months which can easily be converted into cash funds and on which only an insignificant risk of value changes exists.

Income statement 1 January - 31 December

All amounts in DKK.

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Gross profit	**129.890.877**	**122.376.809**	**-28.726**	**-60.673**
1	Staff costs	-64.022.265	-66.503.841	0	0
	Depreciation, amortisation and writedown relating to tangible and intangible fixed assets	-18.360.030	-18.851.328	0	0
	Operating profit	**47.508.582**	**37.021.640**	**-28.726**	**-60.673**
	Income from equity investments in group enterprises	0	0	33.655.194	22.295.109
	Income from other equity investments, securities and debtors which are fixed assets	0	0	0	705.183
	Other financial income	1.020.041	2.807.052	0	32.454
2	Other financial costs	-1.902.170	-5.011.070	-16.759	-19.798
	Results before tax	**46.626.453**	**34.817.622**	**33.609.709**	**22.952.275**
3	Tax on ordinary results	-13.006.734	-11.899.408	10.010	-34.061
	Results from ordinary activities after tax	**33.619.719**	**22.918.214**	**33.619.719**	**22.918.214**
4	**Results for the year**	**33.619.719**	**22.918.214**	**33.619.719**	**22.918.214**

Statement of financial position 31 December

All amounts in DKK.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Fixed assets				
5	Completed development projects, including patents and similar rights arising from development projects	1.619.435	2.421.720	0	0
6	Acquired concessions, patents, licenses, trademarks and similar rights	1.794.697	3.138.994	0	0
7	Goodwill	175.114.364	187.548.524	0	0
8	Development projects in progress and prepayments for intangible fixed assets	14.037.517	7.606.620	0	0
	Intangible fixed assets in total	192.566.013	200.715.858	0	0
9	Production plant and machinery	8.149.837	6.526.913	0	0
10	Other plants, operating assets, and fixtures and furniture	2.788.514	1.690.821	0	0
	Tangible fixed assets in total	10.938.351	8.217.734	0	0
11	Equity investments in group enterprises	0	0	319.575.752	285.920.558
	Financial fixed assets in total	0	0	319.575.752	285.920.558
	Fixed assets in total	**203.504.364**	**208.933.592**	**319.575.752**	**285.920.558**

Statement of financial position 31 December

All amounts in DKK.

Assets

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Current assets				
	Raw materials and consumables	10.979.673	9.856.287	0	0
	Work in progress	32.514.793	25.947.763	0	0
	Manufactured goods and trade goods	4.389.333	3.770.798	0	0
	Inventories in total	47.883.799	39.574.848	0	0
	Trade debtors	36.231.034	40.015.273	0	0
	Work in progress for the account of others	891.343	1.251.636	0	0
	Amounts owed by group enterprises	753.802	0	0	0
	Receivable corporate tax	1.868.408	661.143	0	0
	Tax receivables from group enterprises	0	0	10.010	10.582
	Other debtors	1.400.608	1.633.400	0	0
13	Accrued income and deferred expenses	1.029.705	557.052	0	0
	Debtors in total	42.174.900	44.118.504	10.010	10.582
	Available funds	72.008.899	46.038.173	1.328.885	715.628
	Current assets in total	**162.067.598**	**129.731.525**	**1.338.895**	**726.210**
	Assets in total	**365.571.962**	**338.665.117**	**320.914.647**	**286.646.768**

Statement of financial position 31 December

All amounts in DKK.

Equity and liabilities

Note		Group 2019	Group 2018	Parent 2019	Parent 2018
	Equity				
14	Contributed capital	180.159	180.159	180.159	180.159
	Reserve for development expenditure	12.210.083	7.123.583	12.210.083	7.123.583
	Results brought forward	307.400.164	278.866.945	307.400.164	278.866.945
	Equity in total	**319.790.406**	**286.170.687**	**319.790.406**	**286.170.687**
	Provisions				
15	Provisions for deferred tax	3.852.109	2.979.670	0	0
	Provisions in total	**3.852.109**	**2.979.670**	**0**	**0**
	Liabilities				
16	Leasing liabilities	3.833.392	4.446.134	0	0
	Long-term liabilities in total	3.833.392	4.446.134	0	0
	Short-term part of long-term liabilities	612.661	587.927	0	0
	Bank debts	300.482	145.111	0	0
	Trade creditors	29.785.371	37.789.262	12.500	10.500
	Debt to group enterprises	517.541	0	1.111.741	465.581
	Other debts	6.880.000	6.546.326	0	0
	Short-term liabilities in total	38.096.055	45.068.626	1.124.241	476.081
	Liabilities in total	**41.929.447**	**49.514.760**	**1.124.241**	**476.081**
	Equity and liabilities in total	**365.571.962**	**338.665.117**	**320.914.647**	**286.646.768**

17 Contingencies

18 Related parties

Consolidated statement of changes in equity

All amounts in DKK.

	Contributed capital	Share premium account	Reserve for development expenditure	Results brought forward	Proposed dividend for the financial year	In total
Equity 1 January 2018	365.115	0	4.953.764	58.375.963	0	63.694.842
Cash capital increase	45.495	240.656.222	0	0	0	240.701.717
Profit or loss for the year brought forward	0	0	0	22.918.214	0	22.918.214
Cash capital reduction and annulment of shares	-230.451	0	0	-40.913.635	0	-41.144.086
Transferred from results brought forward	0	0	2.169.819	0	0	2.169.819
Share premium Transfer	0	-240.656.222	0	240.656.222	0	0
Transferred to reserve for development costs	0	0	0	-2.169.819	0	-2.169.819
Equity 1 January 2019	180.159	0	7.123.583	278.866.945	0	286.170.687
Profit or loss for the year brought forward	0	0	0	33.619.719	0	33.619.719
Transferred to reserve for development costs	0	0	5.086.500	-5.086.500	0	0
	180.159	**0**	**12.210.083**	**307.400.164**	**0**	**319.790.406**

Statement of changes in equity of the parent

All amounts in DKK.

	Contributed capital	Share premium account	Reserve for development expenditure	Results brought forward	In total
Equity 1 January 2018	365.115	0	4.953.764	58.375.963	63.694.842
Cash capital increase	45.495	240.656.127	0	0	240.701.622
Profit or loss for the year brought forward	0	0	0	22.918.214	22.918.214
Transferred to results brought forward	0	-240.656.127	0	0	-240.656.127
Cash capital reduction and annulment of shares	-230.451	0	0	0	-230.451
Transferred from results brought forward	0	0	2.169.819	0	2.169.819
Share premium Transfer	0	0	0	240.656.222	240.656.222
Adjustment 4	0	0	0	-40.913.635	-40.913.635
Transferred to reserve for development costs	0	0	0	-2.169.819	-2.169.819
Equity 1 January 2019	180.159	0	7.123.583	278.866.945	286.170.687
Profit or loss for the year brought forward	0	0	0	33.619.719	33.619.719
Transferred from results brought forward	0	0	5.086.500	0	5.086.500
Transferred to reserve for development costs	0	0	0	-5.086.500	-5.086.500
	180.159	**0**	**12.210.083**	**307.400.164**	**319.790.406**

Statement of cash flows 1 January - 31 December

All amounts in DKK.

Note		Group 2019	2018
	Results for the year	33.619.719	22.918.214
19	Adjustments	32.248.893	32.455.622
20	Change in working capital	-12.310.759	685.143
	Cash flow from operating activities before net financials	53.557.853	56.058.979
	Interest received and similar amounts	1.020.041	2.807.052
	Interest paid and similar amounts	-1.902.170	-4.511.938
	Cash flow from ordinary activities	52.675.724	54.354.093
	Corporate tax paid	-13.341.560	-12.143.484
	Cash flow from operating activities	**39.334.164**	**42.210.609**
	Purchase of intangible fixed assets	-7.808.263	-4.779.537
	Purchase of tangible fixed assets	-5.122.538	-5.503.048
	Sale of tangible fixed assets	0	20.869
	Other cash flows from (spent in) investment activities	0	28.819
	Cash flow from investment activities	**-12.930.801**	**-10.232.897**
	Raising of long-term debts	0	3.307.971
	Repayments of long-term debt	-588.008	-121.005.837
	Cash capital increase	0	240.701.622
	Dividend paid	0	-41.144.086
	Cash flow from financing activities	**-588.008**	**81.859.670**
	Changes in available funds	**25.815.355**	**113.837.382**
	Available funds 1 January 2019	45.893.062	-67.944.320
	Available funds 31 December 2019	**71.708.417**	**45.893.062**
	Available funds		
	Available funds	72.008.899	46.038.173
	Short-term bank debts	-300.482	-145.111
	Available funds 31 December 2019	**71.708.417**	**45.893.062**

Notes

All amounts in DKK.

		Group 2019	Group 2018
1.	**Staff costs**		
	Salaries and wages	57.214.976	60.485.769
	Pension costs	5.193.942	4.627.845
	Other costs for social security	1.613.347	1.390.227
		64.022.265	**66.503.841**
	Average number of employees	120	107

Pursuant to section 98b of the Danish Financial Statements Act. 3, second paragraph, information on management's remuneration is omitted.

		Group 2019	Group 2018	Parent 2019	Parent 2018
2.	**Other financial costs**				
	Financial costs, group enterprises	0	0	12.488	17.662
	Other financial costs	1.902.170	5.011.070	4.271	2.136
		1.902.170	**5.011.070**	**16.759**	**19.798**
3.	**Tax on ordinary results**				
	Tax of the results for the year	12.134.295	11.402.204	-10.010	-10.582
	Adjustment for the year of deferred tax	872.439	497.204	0	44.643
		13.006.734	**11.899.408**	**-10.010**	**34.061**

		2019	2018
4.	**Proposed distribution of the results**		
	Allocated to results brought forward	33.619.719	22.918.214
	Distribution in total	**33.619.719**	**22.918.214**

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
5.	**Completed development projects, including patents and similar rights arising from development projects**		
	Cost 1 January 2019	8.412.989	4.211.745
	Additions during the year	228.300	4.201.244
	Cost 31 December 2019	**8.641.289**	**8.412.989**
	Amortisation and writedown 1 January 2019	-5.991.269	-4.684.373
	Amortisation for the year	-1.030.585	-1.306.896
	Amortisation and writedown 31 December 2019	**-7.021.854**	**-5.991.269**
	Book value 31 December 2019	**1.619.435**	**2.421.720**
6.	**Acquired concessions, patents, licenses, trademarks and similar rights**		
	Cost 1 January 2019	10.025.342	9.699.474
	Additions during the year	1.149.187	325.868
	Disposals during the year	-102.500	0
	Cost 31 December 2019	**11.072.029**	**10.025.342**
	Amortisation and writedown 1 January 2019	-6.886.348	-4.343.717
	Amortisation for the year	-2.493.484	-2.542.631
	Reversal of depreciation, amortisation and writedown, assets disposed of	102.500	0
	Amortisation and writedown 31 December 2019	**-9.277.332**	**-6.886.348**
	Book value 31 December 2019	**1.794.697**	**3.138.994**

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
7.	**Goodwill**		
	Cost 1 January 2019	248.683.141	248.683.141
	Cost 31 December 2019	**248.683.141**	**248.683.141**
	Amortisation and writedown 1 January 2019	-61.134.617	-48.700.455
	Amortisation for the year	-12.434.160	-12.434.162
	Amortisation and writedown 31 December 2019	**-73.568.777**	**-61.134.617**
	Book value 31 December 2019	**175.114.364**	**187.548.524**

8.	**Development projects in progress and prepayments for intangible fixed assets**		
	Cost 1 January 2019	7.606.621	4.301.321
	Additions during the year	6.659.196	4.201.244
	Disposals during the year	-228.300	-895.945
	Cost 31 December 2019	**14.037.517**	**7.606.620**
	Book value 31 December 2019	**14.037.517**	**7.606.620**

9.	**Production plant and machinery**		
	Cost 1 January 2019	16.089.359	11.405.347
	Additions during the year	3.382.137	4.788.012
	Disposals during the year	-22.000	-104.000
	Cost 31 December 2019	**19.449.496**	**16.089.359**
	Depreciation and writedown 1 January 2019	-9.562.446	-7.873.344
	Depreciation for the year	-1.759.213	-1.772.238
	Reversal of depreciation, amortisation and writedown, assets disposed of	22.000	83.136
	Depreciation and writedown 31 December 2019	**-11.299.659**	**-9.562.446**
	Book value 31 December 2019	**8.149.837**	**6.526.913**

Notes

All amounts in DKK.

		Group	
		31/12 2019	31/12 2018
10.	**Other plants, operating assets, and fixtures and furniture**		
	Cost 1 January 2019	5.582.727	4.867.691
	Additions during the year	1.740.401	715.036
	Disposals during the year	-976.525	0
	Cost 31 December 2019	**6.346.603**	**5.582.727**
	Amortisation and writedown 1 January 2019	-3.891.906	-3.096.500
	Depreciation for the year	-642.708	-795.406
	Reversal of depreciation, amortisation and writedown, assets disposed of	976.525	0
	Amortisation and writedown 31 December 2019	**-3.558.089**	**-3.891.906**
	Book value 31 December 2019	**2.788.514**	**1.690.821**

		Parent	
		31/12 2019	31/12 2018
11.	**Equity investments in group enterprises**		
	Acquisition sum, opening balance 1 January 2019	390.817.772	191.227.688
	Additions during the year	0	199.590.084
	Cost 31 December 2019	**390.817.772**	**390.817.772**
	Revaluations, opening balance 1 January 2019	-104.897.214	-127.192.323
	Results for the year before goodwill amortisation	33.655.194	22.295.109
	Writedown 31 December 2019	**-71.242.020**	**-104.897.214**
	Book value 31 December 2019	**319.575.752**	**285.920.558**

Group enterprises:

	Domicile	**Share of ownership**
NGI A/S	Nørresundby	100 %
NGI Leveling System Inc.	USA	100 %

Notes

All amounts in DKK.

		Parent	
		31/12 2019	31/12 2018
12.	**Deferred tax assets**		
	Deferred tax assets 1 January 2019	0	44.643
	Deferred tax of the results for the year	0	-44.643
		0	**0**

		Group	
		31/12 2019	31/12 2018
13.	**Accrued income and deferred expenses**		
	Prepaid expenses	1.029.705	557.052
		1.029.705	**557.052**

14. **Contributed capital**

The share capital consists of 180.159 A shares, each with a nominal value of DKK 1.

		Group	
		31/12 2019	31/12 2018
15.	**Provisions for deferred tax**		
	Provisions for deferred tax 1 January 2019	2.979.670	2.482.466
	Deferred tax of the results for the year	872.439	497.204
		3.852.109	**2.979.670**

		Group	
		31/12 2019	31/12 2018
16.	**Leasing liabilities**		
	Leasing liabilities in total	4.446.053	5.034.061
	Share of amount due within 1 year	-612.661	-587.927
		3.833.392	**4.446.134**
	Share of liabilities due after 5 years	1.432.430	1.802.458

Notes

All amounts in DKK.

17. Contingencies

Contingent liabilities

Leasing liabilities

Recourse guarantee commitments

The Group has entered into lease contracts with rent commitment of DKK 7.980.000.

Warranty commitments

The Group has provided guarantees for third parties for a total of DKK 1.973.000.

Joint taxation

The company is the administration company of the group of companies subject to the Danish scheme of joint taxation and unlimited jointly and severally liable with the other jointly taxed companies for the total corporation tax.

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

The liability relating to obligations in connection with withholding tax on dividends, interest and royalties represents an estimated maximum of DKK 0 thousand.

Any subsequent adjustments of corporate taxes or withheld taxes etc. may cause changes in the company's liabilities.

18. Related parties

Controlling interest

Habasit International AG	Majority shareholder
Römerstrasse 1	
4153 Reinach BL	
Switzerland	

Transactions

All transactions with related parties have been carried out on market terms.

Notes

All amounts in DKK.

19. Adjustments

Depreciation and amortisation	18.360.030	18.851.328
Other financial income	-1.020.041	-2.807.052
Other financial costs	1.902.170	4.511.938
Tax on ordinary results	13.006.734	11.899.408
	32.248.893	**32.455.622**

20. Change in working capital

Change in inventories	-8.308.951	-3.738.733
Change in debtors	3.150.868	-24.927
Change in trade creditors and other liabilities	-7.152.676	4.448.803
	-12.310.759	**685.143**