



Harbour Group Holding ApS

Amerikavej 1
6700 Esbjerg
CVR No. 36943378

Annual report 2021

The Annual General Meeting adopted the
annual report on 21.04.2022

Mikael Hedager Würtz
Conductor

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Entity details

Entity

Harbour Group Holding ApS

Amerikavej 1

6700 Esbjerg

Business Registration No.: 36943378

Registered office: Esbjerg

Financial year: 01.01.2021 - 31.12.2021

Executive Board

Kasper Svarrer

Kristian Svarrer

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Dokken 8

6701 Esbjerg

Statement by Management on the annual report

The Executive Board has today considered and approved the annual report of Harbour Group Holding ApS for the financial year 01.01.2021 - 31.12.2021.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Esbjerg, 21.04.2022

Executive Board

Kasper Svarrer

Kristian Svarrer

Independent auditor's report

To the shareholders of Harbour Group Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of Harbour Group Holding ApS for the financial year 01.01.2021 - 31.12.2021, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2021 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2021 - 31.12.2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

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

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management commentary.

Esbjerg, 21.04.2022

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Jørn Jepsen

State Authorised Public Accountant
Identification No (MNE) mne24824

Management commentary

Financial highlights

	2021 DKK'000	2020 DKK'000	2019 DKK'000	2018 DKK'000	2017 DKK'000
Key figures					
Gross profit/loss	93,153	74,679	84,465	77,618	74,924
Operating profit/loss	15,758	5,303	4,149	(5,515)	5,334
Net financials	(1,743)	(1,094)	(1,162)	(1,015)	(751)
Profit/loss for the year	10,198	7,796	2,220	(5,282)	2,373
Profit for the year excl. minority interests	10,198	8,192	2,982	(4,830)	2,182
Balance sheet total	219,859	117,843	128,315	114,946	111,033
Investments in property, plant and equipment	12,785	6,801	4,357	12,797	1,784
Equity	40,280	28,772	20,215	17,667	26,347
Equity excl. minority interests	40,280	28,772	21,479	18,169	26,347
Ratios					
Return on equity (%)	29.54	32.60	15.04	(21.70)	8.66
Equity ratio (%)	18.32	24.42	16.74	15.81	23.73

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Return on equity (%):

Profit/loss for the year * 100

Average equity

Equity ratio (%):

Equity excl. minority interests * 100

Balance sheet total

Primary activities

The Company's primary activity is holding shares in affiliated companies. The Group's primary activities are shipping, freight forwarding, port agency, terminal services, warehousing, stevedoring and trade with chemicals.

Development in activities and finances

During the financial year, the company has achieved a satisfactory result.

Equity amount to 40.3 mDKK of a balance total sheet of 220.0 mDKK corresponding to a solvency ratio of 18.3% which is satisfactory. Liquidity has developed positively and satisfactorily.

Management believes that the income statement, balance sheet, cash flow statement, and accompanying notes contain all material information for the assessment of the company's profit in the past year and the financial position at the end of the year.

Profit/loss for the year in relation to expected developments

The profit for the year is in line with what was expected.

Outlook

We expect a positive result for 2022 in the range of 8,000 tDKK to 10,000 tDKK.

Environmental performance

The Group is environmentally conscious and is continuously working to reduce the environmental impact of Corporate operations.

Group relations

The subsidiary Mermaid Maritime Vietnam JSC has been sold in 2021. The result has not been effected.

The group has made additions by purchasing Copco A/S, Copco Tank Terminal A/S and Copco Chem A/S.

Consolidated income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		93,153	74,679
Staff costs	1	(66,346)	(63,030)
Depreciation, amortisation and impairment losses	2	(11,049)	(6,346)
Operating profit/loss		15,758	5,303
Income from investments in associates		180	5,156
Other financial income		442	386
Financial expenses from group enterprises		0	(11)
Other financial expenses		(2,185)	(1,469)
Profit/loss before tax		14,195	9,365
Tax on profit/loss for the year	3	(3,997)	(1,569)
Profit/loss for the year	4	10,198	7,796

Consolidated balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Goodwill		80,181	0
Intangible assets	5	80,181	0
Land and buildings		43,223	32,615
Other fixtures and fittings, tools and equipment		12,781	9,802
Property, plant and equipment in progress		2,377	1,121
Property, plant and equipment	6	58,381	43,538
Investments in associates		2,270	5,196
Receivables from associates		0	6,000
Other investments		2,824	2,880
Deposits		25	25
Other receivables		374	1,176
Financial assets	7	5,493	15,277
Fixed assets		144,055	58,815
Manufactured goods and goods for resale		5,043	2,018
Inventories		5,043	2,018
Trade receivables		42,888	46,312
Contract work in progress		1,183	1,597
Receivables from group enterprises		4,065	1,647
Receivables from associates		2,950	361
Other receivables		16,586	1,613
Prepayments	8	1,071	1,461
Receivables		68,743	52,991
Other investments		0	765
Investments		0	765
Cash		2,018	3,254

Current assets	75,804	59,028
Assets	219,859	117,843

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		1,000	1,000
Retained earnings		39,280	27,772
Equity		40,280	28,772
Deferred tax	9	4,487	1,168
Provisions		4,487	1,168
Mortgage debt		26,150	24,008
Bank loans		48,000	0
Lease liabilities		4,790	2,661
Other payables		15,966	1,847
Non-current liabilities other than provisions	10	94,906	28,516
Current portion of non-current liabilities other than provisions	10	16,106	3,236
Bank loans		16,651	2,564
Prepayments received from customers		157	332
Contract work in progress		5	128
Trade payables		27,700	30,737
Payables to group enterprises		2,970	0
Joint taxation contribution payable		4,295	1,813
Other payables		12,302	20,577
Current liabilities other than provisions		80,186	59,387
Liabilities other than provisions		175,092	87,903
Equity and liabilities		219,859	117,843
Unrecognised rental and lease commitments	12		
Contingent liabilities	13		
Assets charged and collateral	14		
Transactions with related parties	15		
Group relations	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2021

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	27,772	28,772
Exchange rate adjustments	0	1,064	1,064
Value adjustments	0	315	315
Tax of entries on equity	0	(69)	(69)
Profit/loss for the year	0	10,198	10,198
Equity end of year	1,000	39,280	40,280

Consolidated cash flow statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Operating profit/loss		15,758	5,303
Amortisation, depreciation and impairment losses		11,049	6,346
Working capital changes	11	(11,872)	9,920
Cash flow from ordinary operating activities		14,935	21,569
Financial income received		442	386
Financial expenses paid		(2,185)	(1,480)
Taxes refunded/(paid)		(4,781)	504
Cash flows from operating activities		8,411	20,979
Acquisition etc. of property, plant and equipment		(12,785)	(6,801)
Sale of property, plant and equipment		3,017	3,392
Acquisition of fixed asset investments		0	(528)
Sale of fixed asset investments		56	379
Acquisition of enterprises		(96,555)	0
Disposal of enterprises		0	650
Dividends received from associates		3,107	0
Loans		3,273	0
Cash flows from investing activities		(99,887)	(2,908)
Free cash flows generated from operations and investments before financing		(91,476)	18,071
Loans raised		75,127	0
Repayments of loans etc.		0	(339)
Change in short-term debt to bank		14,087	(18,393)
Cash flows from financing activities		89,214	(18,732)
Increase/decrease in cash and cash equivalents		(2,262)	(661)
Cash and cash equivalents beginning of year		4,019	5,010
Currency translation adjustments of cash and cash equivalents		261	(330)

Cash and cash equivalents end of year	2,018	4,019
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Cash and cash equivalents at year-end are composed of:		
Cash	2,018	3,254
Cash and cash equivalents regarding discontinued operations	0	765
Cash and cash equivalents end of year	2,018	4,019
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Notes to consolidated financial statements

1 Staff costs

	2021 DKK'000	2020 DKK'000
Wages and salaries	60,258	57,345
Pension costs	4,536	4,163
Other social security costs	707	775
Other staff costs	845	747
	66,346	63,030
Average number of full-time employees	126	130

2 Depreciation, amortisation and impairment losses

	2021 DKK'000	2020 DKK'000
Amortisation of intangible assets	3,486	85
Impairment losses on intangible assets	0	483
Depreciation on property, plant and equipment	7,563	6,223
Profit/loss from sale of intangible assets and property, plant and equipment	0	(445)
	11,049	6,346

3 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Current tax	4,281	1,304
Change in deferred tax	(284)	265
	3,997	1,569

4 Proposed distribution of profit/loss

	2021 DKK'000	2020 DKK'000
Retained earnings	10,198	8,192
Minority interests' share of profit/loss	0	(396)
	10,198	7,796

5 Intangible assets

	Goodwill DKK'000
Additions	83,667
Cost end of year	83,667
Amortisation for the year	(3,486)
Amortisation and impairment losses end of year	(3,486)
Carrying amount end of year	80,181

6 Property, plant and equipment

	Land and buildings DKK'000	Other fixtures and fittings, tools and equipment DKK'000	Property, plant and equipment in progress DKK'000
Cost beginning of year	67,346	36,246	1,121
Addition through business combinations etc	28,977	4,138	0
Exchange rate adjustments	836	136	0
Additions	2,488	6,450	3,847
Disposals	(10,627)	(2,263)	(2,591)
Cost end of year	89,020	44,707	2,377
Depreciation and impairment losses beginning of year	(34,731)	(26,444)	0
Addition through business combinations etc	(12,077)	(2,718)	0
Exchange rate adjustments	(331)	(104)	0
Depreciation for the year	(3,325)	(4,238)	0
Reversal regarding disposals	4,667	1,578	0
Depreciation and impairment losses end of year	(45,797)	(31,926)	0
Carrying amount end of year	43,223	12,781	2,377
Recognised assets not owned by Entity	0	5,271	0

7 Financial assets

	Investments in associates DKK'000	Receivables from associates DKK'000	Other investments DKK'000	Deposits DKK'000	Other receivables DKK'000
Cost beginning of year	40	6,000	2,880	25	1,176
Exchange rate adjustments	0	0	0	0	68
Transfers	0	(2,727)	0	0	0
Disposals	(20)	(3,273)	(56)	0	(870)
Cost end of year	20	0	2,824	25	374
Revaluations beginning of year	5,156	0	0	0	0
Share of profit/loss for the year	290	0	0	0	0
Dividend	(3,000)	0	0	0	0
Reversal regarding disposals	(196)	0	0	0	0
Revaluations end of year	2,250	0	0	0	0
Carrying amount end of year	2,270	0	2,824	25	374

Associates	Registered in	Ownership %
Kanalhusene Invest I ApS	Esbjerg	33,3
Kanalhusene Invest II ApS, liquidated in 2021	Esbjerg	33,3

8 Prepayments

Prepayments consists of prepaid insurance and licenses.

9 Deferred tax

	2021 DKK'000	2020 DKK'000
Intangible assets	(11)	(18)
Property, plant and equipment	4,659	1,379
Receivables	(24)	(42)
Liabilities other than provisions	(137)	(151)
Deferred tax	4,487	1,168

Changes during the year	2021 DKK'000	2020 DKK'000
Beginning of year	1,168	1,042
Recognised in the income statement	3,319	126
End of year	4,487	1,168

10 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due within 12 months 2020 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Mortgage debt	1,908	1,646	26,150	18,726
Bank loans	12,684	0	48,000	4,512
Lease liabilities	1,401	1,429	4,790	0
Other payables	113	161	15,966	501
	16,106	3,236	94,906	23,739

11 Changes in working capital

	2021 DKK'000	2020 DKK'000
Increase/decrease in inventories	360	1,586
Increase/decrease in receivables	13,668	8,952
Increase/decrease in trade payables etc.	(33,252)	(2,148)
Other changes	7,352	1,530
	(11,872)	9,920

12 Unrecognised rental and lease commitments

	2021 DKK'000	2020 DKK'000
Total liabilities under rental or lease agreements until maturity	8,664	7,984

13 Contingent liabilities

	2021 DKK'000	2020 DKK'000
Recourse and non-recourse guarantee commitments	250	250
Contingent liabilities	250	250

14 Assets charged and collateral

Mortgage debt is secured by way of mortgage on properties.

Bank loans are secured by way of a deposited mortgage deed registered to the mortgagor on plant of DKK'000 9,000 nominal.

The carrying amount of mortgaged properties is DKK'000 43,382.

As security for remuneration of section 3, subsection 11 of the Mineral Oil Tax Act tDKK 10 has been deposited in bank.

15 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Kristian Svarrer Holding ApS, Esbjerg

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Kristian Svarrer Holding ApS, Esbjerg

17 Subsidiaries

	Registered in	Corporate form	Ownership %
Jutlandia Terminal Ejendomme ApS	Esbjerg	ApS	100.00
Jutlandia Terminal A/S	Esbjerg	A/S	100.00
A/S J. Lauritzens Eftf.	Esbjerg	A/S	100.00
Mermaid Maritime Vietnam Jsc, sold in 2021	Vietnam	Jsc	100.00
Lauritzen Logistica S.r.l, liquidated in 2021	Italia	S.r.l	100.00
Copco A/S	Esbjerg	A/S	100.00
Copco Chem A/S	Esbjerg	A/S	100.00
Copco Tank Terminal A/S	Esbjerg	A/S	100.00

Parent income statement for 2021

	Notes	2021 DKK'000	2020 DKK'000
Gross profit/loss		(9)	(5)
Income from investments in group enterprises		11,316	8,310
Financial expenses from group enterprises		(445)	(125)
Other financial expenses		(980)	(21)
Profit/loss before tax		9,882	8,159
Tax on profit/loss for the year	1	316	33
Profit/loss for the year	2	10,198	8,192

Parent balance sheet at 31.12.2021

Assets

	Notes	2021 DKK'000	2020 DKK'000
Investments in group enterprises		145,589	40,436
Other investments		2,796	2,796
Financial assets	3	148,385	43,232
Fixed assets		148,385	43,232
Other receivables		30	400
Joint taxation contribution receivable		316	33
Receivables		346	433
Cash		0	44
Current assets		346	477
Assets		148,731	43,709

Equity and liabilities

	Notes	2021 DKK'000	2020 DKK'000
Contributed capital		1,000	1,000
Reserve for net revaluation according to equity method		11,009	14,583
Retained earnings		28,271	13,189
Equity		40,280	28,772
Bank loans		48,000	0
Other payables		15,000	0
Non-current liabilities other than provisions	4	63,000	0
Current portion of non-current liabilities other than provisions	4	12,684	0
Bank loans		3,226	0
Payables to group enterprises		29,488	14,932
Other payables		53	5
Current liabilities other than provisions		45,451	14,937
Liabilities other than provisions		108,451	14,937
Equity and liabilities		148,731	43,709
Contingent liabilities	5		
Assets charged and collateral	6		
Related parties with controlling interest	7		
Transactions with related parties	8		

Parent statement of changes in equity for 2021

	Contributed capital DKK'000	Reserve for net revaluation according to the equity method DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	1,000	14,583	13,189	28,772
Exchange rate adjustments	0	1,064	0	1,064
Value adjustments	0	246	0	246
Profit/loss for the year	0	(4,884)	15,082	10,198
Equity end of year	1,000	11,009	28,271	40,280

Notes to parent financial statements

1 Tax on profit/loss for the year

	2021 DKK'000	2020 DKK'000
Refund in joint taxation arrangement	(316)	(33)
	(316)	(33)

2 Proposed distribution of profit and loss

	2021 DKK'000	2020 DKK'000
Retained earnings	10,198	8,192
	10,198	8,192

3 Financial assets

	Investments in group enterprises DKK'000	Other investments DKK'000
Cost beginning of year	23,853	2,796
Additions	96,557	0
Disposals	(30)	0
Cost end of year	120,380	2,796
Revaluations beginning of year	16,583	0
Exchange rate adjustments	1,064	0
Adjustments on equity	246	0
Amortisation of goodwill	(3,486)	0
Share of profit/loss for the year	14,802	0
Dividend	(4,000)	0
Revaluations end of year	25,209	0
Carrying amount end of year	145,589	2,796

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

4 Non-current liabilities other than provisions

	Due within 12 months 2021 DKK'000	Due after more than 12 months 2021 DKK'000	Outstanding after 5 years 2021 DKK'000
Bank loans	12,684	48,000	4,512
Other payables	0	15,000	0
	12,684	63,000	4,512

5 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Kristian Svarrer Holding ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

6 Assets charged and collateral

Collateral provided for group enterprises

The Entity has guaranteed the subsidiaries' bank loans.

The subsidiaries' bank loans amount to DKK'000 10,695.

7 Related parties with controlling interest

Kristian Svarrer, Esbjerg owns Kristian Svarrer Holding ApS, Esbjerg, which owns 70% of Harbour Group Holding ApS, Esbjerg. Kristian Svarrer thus has a controlling influence on the company.

8 Transactions with related parties

Only related party transactions not conducted on an arm's length basis are disclosed in the annual report. No such transactions have been conducted in the financial year.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Changes in accounting policies

The Entity has changed its accounting policies with regard to the cash flow statement.

In accordance with an interpretation by the Danish Business Authority, drawings on the groups's cash-flow facility in Statement of cash flows are classified as cash flows from financing activities, where the withdrawal on the credit was previously classified as cash in the cash flow statement.

For the Entity, the change in accounting policies has led to an increase of cash flows from financing activities of tDKK 14,087 for 2021 (a decrease of tDKK 18,732 for 2020) and an increase of cash of tDKK 16,651 as of 31.12.2021 (an increase of tDKK 2,564 as of 31.12.2020).

The comparative figures have been restated following the change in accounting policies.

Apart from the areas mentioned above, the annual report has been presented applying the accounting policies consistently with last year.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements. Minority interests' pro rata shares of the profit/loss and the net assets are disclosed as separate items in Management's proposal for the distribution of net profit/loss and equity, respectively.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date, are recognised in the income statement as financial income or financial expenses.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, cost of sales and external expenses.

Revenue

Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Property costs

Property costs include costs incurred to operate the Entity's properties in the financial year, including repair and maintenance costs, property tax and electricity, water and heating, which are not charged directly from the lessee.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Income from investments in associates

Income from investments in associates comprises the pro rata share of the individual associates' profit/loss after pro rata elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses from group enterprises

Financial expenses from group enterprises comprise interest expenses etc. from payables to group enterprises.

Other financial expenses

Other financial expenses comprise interest expenses, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

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

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For other amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 12 years. A period of 12 years has been used because this is a niche where the lifetime is estimated to be longer than normal.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Land and buildings, plant and machinery, and other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation. For assets held under finance leases, cost is the lower of the asset's fair value and present value of future lease payments.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings	20-25 years
Other fixtures and fittings, tools and equipment	2-10 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity are measured at DKK 0, and any receivables from these enterprises are written down by the Parent's share of such negative equity value if it is deemed irrecoverable. If the negative equity value exceeds the amount receivable, the remaining amount is recognised under provisions if the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to reserve for net revaluation according to the equity method in equity.

Goodwill is calculated as the difference between cost of the investments and fair value of the pro rata share of assets and liabilities acquired. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. Useful life is determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful lives are reassessed annually. The amortisation periods used are 5 years.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Investments in associates

Investments in associates are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the associates' equity value.

Upon distribution of profit or loss, net revaluation of investments in associates is transferred to reserve for net revaluation according to the equity method in equity.

Investments in associates are written down to the lower of recoverable amount and carrying amount.

Investments in associates fall within the definitions of both participating interests and associates, yet in these consolidated financial statements they have been presented as investments in associates because this designation reflects more accurately the Group's involvement in the relevant entities.

Receivables

Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Other investments

Other investments comprise unlisted equity investments measured at the lower of cost and net realisable value.

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

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

Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash

Cash comprises cash in hand and bank deposits.

Minority interests

On initial recognition, minority interests are measured at the minority interests' share of the acquiree's net assets measured at fair value. No goodwill related to the minority interests' equity interests in the acquiree is recognised.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset or the planned settlement of each liability.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Mortgage debt

At the time of borrowing, mortgage debt to mortgage credit institutions is measured at cost which corresponds to the proceeds received less transaction costs incurred. Mortgage debt is subsequently measured at amortised cost. This means that the difference between the proceeds at the time of borrowing and the nominal repayable amount of the loan is recognised in the income statement as a financial expense over the term of the loan applying the effective interest method.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Joint taxation contributions payable or receivable

Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash.