

# 2021

Annual report for 2021

**Nature Energy Green Gas Sales A/S**  
Ørbækvej 260, 5220 Odense SØ  
CVR no. 38 76 56 04

Adopted at the annual  
general meeting on  
25 March 2022

Jacob Federspiel  
chairman

**nature**  
**energy**

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## **Statement by management on the annual report**

The supervisory and executive boards have today discussed and approved the annual report of Nature Energy Green Gas Sales A/S for the financial year 1 January - 31 December 2021.

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

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

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

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

Odense, 25 March 2022

### **Executive board**

Jonas Clement Gonge Svendsen  
Director

### **Board of Directors**

Ole Hvelplund  
chairman

Kim Kragelund  
deputy chairman

Jonas Clement Gonge Svendsen

# Independent auditor's report

*To the shareholder of Nature Energy Green Gas Sales A/S*

## **Opinion**

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

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

## **Basis for Opinion**

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

## **Management's responsibilities for the financial statements**

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

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

## **Auditor's responsibilities for the audit of the financial statements**

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

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

## Independent auditor's report

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

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

### **Statement on management's review**

Management is responsible for management's review.

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

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

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

## Independent auditor's report

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

Odense, 25 March 2022

PricewaterhouseCoopers  
statsautoriseret revisionspartnerselskab  
CVR no. 33 77 12 31

Mads Melgaard  
statsautoriseret revisor  
MNE no. mne34354

Claus Damhave  
statsautoriseret revisor  
MNE no. mne34166

## Company details

### The company

Nature Energy Green Gas Sales A/S  
Ørbækvej 260  
5220 Odense SØ

CVR no.: 38 76 56 04

Reporting period: 1 January - 31 December 2021

Domicile: Odense

### Board of Directors

Ole Hvelplund, chairman  
Kim Kragelund, deputy chairman  
Jonas Clement Gonge Svendsen

### Executive board

Jonas Clement Gonge Svendsen, director

### Auditors

PricewaterhouseCoopers  
statsautoriseret revisionspartnerselskab  
Munkebjergvænget 1, 3.  
5230 Odense M

### Bankers

Danske Bank

### Consolidated financial statements

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

## Financial highlights

Seen over a 4-year period, the development of the Company may be described by means of the following financial highlights:

	2021	2020	2019	2018
	MDKK	MDKK	MDKK	MDKK
<b>Key figures</b>				
Revenue	1,002	331	211	114
Gross profit	61	59	36	0
Profit/loss before amortisation/depreciation and impairment losses	61	59	36	12
Profit/loss before net financials	58	57	33	11
Net financials	-2	1	1	0
Profit/loss for the year	44	45	27	9
Balance sheet total	525	202	97	94
Equity	84	81	36	9
<b>Financial ratios</b>				
Return on assets	16.0%	38.1%	34.6%	23.4%
Solvency ratio	16.0%	40.1%	37.1%	9.6%
Return on equity	53.3%	76.9%	120.0%	200.0%

For definitions, see the summary of significant accounting policies.



## **Management's review**

### **Business review**

The company's purpose is trade with green gas and green certificates, as well as activities connected to this.

In 2021, the Green Gas Sales A/S employed an average of 0 employees as sales, management, administration etc. are outsourced to Nature Energy Biogas A/S.

### **Recognition and measurement uncertainties**

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

### **Unusual matters**

The company's financial position at 31 December 2021 and the results of its operations for the financial year ended 31 December 2021 are not affected by any unusual matters.

### **Financial review**

The company's income statement for the year ended 31 December 2021 shows a profit of TDKK 43,690, and the balance sheet at 31 December 2021 shows equity of TDKK 84,494.

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

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

### **Significant events occurring after the end of the financial year**

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

Besides this no events have occurred after the balance sheet date which could significantly affect Nature Energy Green Gas Sales A/S's financial position.

### **Objectives and expectations for the coming year**

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

The company expects a profit on the same level as 2021, the expected range for 2022 is TDKK 35,000 to TDKK 45,000.

# Management's review

## Statutory report on corporate social responsibility

### *Risk analysis*

Risk is defined as the negative impact that the environment and climate, human rights, anti-corruption, and bribery, as well as the social and employee conditions can have on the stakeholders of the Nature Energy Green Gas Sales A/S, or the negative impact that the Green Gas Sales A/S itself may have on these subjects. Risk is estimated based on "The principle of essence" and is the sum of probability and impact. The risk analysis itself connected to the subject in question will follow the phrasing of the concerned policies of the area.

Nature Energy Green Gas Sales A/S's primary activities take place in Denmark and Europe, which is considered one of the least corrupt countries according to Transparency International.

Nature Energy Green Gas Sales A/S has a close relationship with suppliers, and so the risk of disrespect of human rights are considered low.

Nature Energy Green Gas Sales do not have a policy for human rights, anti-corruption, and bribery due to the size of the company and the group. We do not consider this as a major risk, and we monitor this on an ongoing basis.

### *Policy for environment and climate*

The Nature Energy Group wants to reduce the emission of greenhouse gasses from the Danish agriculture and to reduce the usage of fossil fuels by making them redundant. It is the Green Gas Sales A/S's ambition to contribute to Denmark's transition towards a green economy based on renewable energy sources.

The company's risk to affect the environment and climate negatively is assessed to be limited. The primary risk of the group consists of methane leak from the biogas plants. In the production of biogas, there is a risk that methane leaches from the plant.

To prevent future methane leak going forward, the company will continue with this work.

### *Efforts and results for the environmental and climate impact*

Description of how the company translates its corporate social responsibility policies into action:

During 2021, The Nature Energy Group continuously holds both external and internal control of the production plants to minimize emission of methane. Tests are performed to measure the extent of possible methane leak on the sides. Moreover, emission is prevented through frequent checks and maintenance.

Nature Energy Group is market leader in turning many thousands of tons of biomass into green, CO<sub>2</sub>-neutral gas as effectively as possible. We collect and deliver biomass from businesses, agriculture and households and return the degassed biomass to the agriculture that recycles nutrients.

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

## Management's review

### ***Policies on social conditions and stakeholders***

The Nature Energy Group largely is dependent on being able to attract and retain skilled and satisfied employees and to secure the conditions within which they perform. Against this background, Nature Energy Group has a number of established objectives and guidelines to approach health, safety and other employee matters.

It is the Nature Energy Group's ambition to conduct the production with the least negative impact of the surrounding areas, including neighbors etc. Nature Energy Group continuously endeavors to ensure a production that to a lesser extent is of any inconvenience to the local area and its citizens.

### ***Efforts and results regarding social conditions and stakeholders***

The Group continues to introduce all new employees to the company's employee policies to ensure compliance of applicable rules and guidelines.

Based on the results of the employee survey in 2019, the Group presented and executed an action plan in 2020 to improve and maintain employee relations in the individual departments.

The work has continued in 2021, the result of the employee survey for 2021 is still not on a satisfactory level.

The 2021 level for the employee turnover has reached a satisfying low level.

Throughout the year, the company has continued the cooperation with the University of Southern Denmark (SDU) and the Schools of Marine Engineering and Technology Management in both Svendborg and Fredericia. Through these schools, the Nature Energy Green Gas Sales A/S offers internships and student positions as well as a cooperation for engineering students from SDU writing their thesis. Moreover in 2019, the group decided to introduce a number of graduate positions, which had attracted talented employees for future positions.

In 2021 the first graduate was promoted to plant manager in Nature Energy Nordfyn A/S and in the start of 2022 two graduates will be permanently employed.

## Management's review

### Statutory report on the underrepresented gender

#### *Review on gender equality; targets for senior management*

The Nature Energy Group is covered by the Danish Law of The Financial Reporting Statement Act § 99b of the underrepresented gender. NGF Partnership K/S is the only entity of the Group covered by the disclosure requirements by The Financial Reporting Statement Act § 99b. The review on gender equality of the senior management is limited to that particular company.

For the included companies of the Nature Energy Group is applicable that the Board of Directors are the top management level.

The Board of Directors of Nature Energy Green Gas Sales A/S wants to ensure an always qualified composition. The Board of Directors consists of Three members, currently all men. The company always want to recruit the best qualified members. The intention is to increase the underrepresented gender's share to one third towards 2024.

The ratio between women and men has not changed and the target has not been reached.

As Nature Energy Green Gas Sales A/S does not have any employees the company does not have a policy concerning increase of the underrepresented gender.

#### **Special risks - operational risks and financial risks**

Operating risk:

As Nature Energy Green Gas Sales A/S sells the biogas and certificates of the biogas plants in Nature Energy Group; the risk picture will be characterized by the challenges related to securing a stable and optimal operation and production of the biogas plants. Securing the right sourcing of biomasses and hereby achieving the best production volume will have great impact of the profitability of the plants along with securing the output of the degassed biomasses in the animal dense agricultural areas.

The company seeks to eliminate or reduce these risks in cooperation with external partners, advice from external specialists and, not least, through gaining the core competences within the Nature Energy Group.

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

The company handles these risks within the procedures of an established risk policy. Risks are sought mitigated through a high degree of compliance between the conditions of producing and selling biogas, buying biomasses etc.

## Management's review

Currency risk:

Nature Energy Green Gas Sales do not have any loans in Danish Kroner and therefore no currency risks concerning loans.

International activities for sales of gas and certificates are primarily made in DKK and EUR, which entail that the exchange rates effects the result, cash flow and equity of the company.

Credit risk:

There is no considerable credit risk for Nature Energy Green Gas Sales A/S, the company continuously assess new customers, which may result in demands of prepayments or other form of deposits and ultimately a termination of the contracts.

Market risk:

The company's most significant risks are associated with the ability to be strongly represented in the areas to which the company's services are directed.

### Statutory report on data ethics

New Danish regulation - Section 99d of the Danish Financial Statements Act - requires larger companies, which have a policy for data ethics, to supplement the management commentary of the annual report with a report on data ethics.

During 2021, we have considered how to work with data ethics in Nature Energy Group, including whether it was relevant for the company to have a policy for data ethics.

Based on dialogue with stakeholders across the company, it was decided to put in place a policy for data ethics to provide a framework for the company's activities within this area.

Our data ethics policy is expected to be approved by the board of directors early 2022.

Nature Energy Green Gas Sales A/S has not historically had a policy concerning data ethics as the company has considered this policy sufficient covered by the GDPR policy.

The Data Ethics policy outlines that Nature Energy Group is committed to uphold transparency and openness concerning our use of personal and non-personal data.

Nature Energy Group will set high standards in relation to where we collect data and how we use it.

## Management's review

With the data ethics policy in place in 2022, Nature Energy Group will in 2022 initiate further development, analysis, and implementation of the policy, including implementation of further mechanisms and compliance controls to facilitate our work with data ethics. Based on this work, it is our expectation that the policy will be updated accordingly towards the end of 2022.

### Achievements in 2021

- Internal stakeholder alignment re. data ethics in the Group
- Policy preparation

### Planned Activities

- Management Approval
- Identify relevant data processing

## Income statement

### 1 January 2021 - 31 December 2021

	Note	2021	2020
		TDKK	TDKK
<b>Revenue</b>	1	<b>1,002,100</b>	<b>330,928</b>
Raw materials and consumables		-937,374	-266,925
Other external expenses		-4,063	-4,802
<b>Gross profit</b>		<b>60,663</b>	<b>59,201</b>
Depreciation, amortisation and impairment of intangible assets	2	-2,504	-2,504
<b>Profit/loss before net financials</b>		<b>58,159</b>	<b>56,697</b>
Financial income	3	537	1,600
Financial costs	4	-2,684	-929
<b>Profit/loss before tax</b>		<b>56,012</b>	<b>57,368</b>
Tax on profit/loss for the year	5	-12,322	-12,622
<b>Profit/loss for the year</b>		<b>43,690</b>	<b>44,746</b>
Distribution of profit	6		

## Balance sheet at 31 December 2021

	Note	2021 TDKK	2020 TDKK
<b>Assets</b>			
Goodwill		8,557	11,062
<b>Intangible assets</b>	7	<b>8,557</b>	<b>11,062</b>
Other receivables		0	9,619
<b>Fixed asset investments</b>		<b>0</b>	<b>9,619</b>
<b>Total non-current assets</b>		<b>8,557</b>	<b>20,681</b>
Trade receivables		272,049	59,682
Receivables from group enterprises		244,095	114,484
Other receivables		256	7,258
Deferred tax asset	8	321	313
<b>Receivables</b>		<b>516,721</b>	<b>181,737</b>
<b>Cash at bank and in hand</b>		<b>9</b>	<b>0</b>
<b>Total current assets</b>		<b>516,730</b>	<b>181,737</b>
<b>Total assets</b>		<b>525,287</b>	<b>202,418</b>



## Balance sheet at 31 December 2021

	Note	2021 TDKK	2020 TDKK
<b>Equity and liabilities</b>			
Share capital		500	500
Retained earnings		33,994	40,305
Proposed dividend for the year		50,000	40,000
<b>Equity</b>		<b>84,494</b>	<b>80,805</b>
Other credit institutions		0	7,697
<b>Total non-current liabilities</b>	9	<b>0</b>	<b>7,697</b>
Other credit institutions	9	0	759
Trade payables		49,304	18,195
Payables to group enterprises		379,115	74,719
Corporation tax		12,331	12,613
Other payables		43	7,630
<b>Total current liabilities</b>		<b>440,793</b>	<b>113,916</b>
<b>Total liabilities</b>		<b>440,793</b>	<b>121,613</b>
<b>Total equity and liabilities</b>		<b>525,287</b>	<b>202,418</b>
Significant events occurring after the end of the financial year	10		
Contingent liabilities	11		
Related parties and ownership structure	12		
Fee to auditors appointed at the general meeting	13		

## Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
Equity at 1 January 2021	500	40,304	40,000	80,804
Ordinary dividend paid	0	0	-40,000	-40,000
Net profit/loss for the year	0	-6,310	50,000	43,690
<b>Equity at 31 December 2021</b>	<b>500</b>	<b>33,994</b>	<b>50,000</b>	<b>84,494</b>

## Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>1 Revenue</b>		
Geographical segments		
Sales, DK	371,089	97,193
Sales, Europe	<u>631,011</u>	<u>233,735</u>
<b>Total revenue</b>	<b><u><u>1,002,100</u></u></b>	<b><u><u>330,928</u></u></b>
For competitive reasons segments by business area are omitted.		
<b>2 Depreciation, amortisation and impairment of intangible assets</b>		
Depreciation intangible assets	<u>2,504</u>	<u>2,504</u>
	<b><u><u>2,504</u></u></b>	<b><u><u>2,504</u></u></b>
<b>3 Financial income</b>		
Income from fixed asset investments	501	1,556
Other financial income	<u>36</u>	<u>44</u>
	<b><u><u>537</u></u></b>	<b><u><u>1,600</u></u></b>
<b>4 Financial costs</b>		
Financial expenses, group entities	106	162
Other financial costs	<u>2,578</u>	<u>767</u>
	<b><u><u>2,684</u></u></b>	<b><u><u>929</u></u></b>
<b>5 Tax on profit/loss for the year</b>		
Current tax for the year	12,331	12,613
Deferred tax for the year	-9	0
Adjustment of deferred tax concerning previous years	<u>0</u>	<u>9</u>
	<b><u><u>12,322</u></u></b>	<b><u><u>12,622</u></u></b>

## Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>6 Distribution of profit</b>		
Proposed dividend for the year	50,000	40,000
Retained earnings	<u>-6,310</u>	<u>4,746</u>
	<b><u>43,690</u></b>	<b><u>44,746</u></b>
<b>7 Intangible assets</b>		<u>Goodwill</u>
Cost at 1 January 2021		<u>17,531</u>
Cost at 31 December 2021		<u>17,531</u>
Impairment losses and amortisation at 1 January 2021		6,470
Amortisation for the year		<u>2,504</u>
Impairment losses and amortisation at 31 December 2021		<u>8,974</u>
<b>Carrying amount at 31 December 2021</b>		<b><u>8,557</u></b>
Depreciated over		<u>7 years</u>

## Notes

	<u>2021</u> TDKK	<u>2020</u> TDKK
<b>8 Provision for deferred tax</b>		
Provision for deferred tax at 1 January 2021	-313	-321
Deferred tax recognised in income statement	-8	8
Transferred to deferred tax asset	<u>321</u>	<u>313</u>
<b>Provision for deferred tax at 31 December 2021</b>	<b><u>0</u></b>	<b><u>0</u></b>
 <b>Deferred tax asset</b>		
Calculated tax asset	<u>321</u>	<u>313</u>
<b>Carrying amount</b>	<b><u>321</u></b>	<b><u>313</u></b>

The recognized tax asset consists primarily of different depreciation on intangible assets.

## 9 Long term debt

### Other credit institutions

Between 1 and 5 years	<u>0</u>	<u>7,697</u>
Non-current portion	0	7,697
Within 1 year	<u>0</u>	<u>759</u>
Current portion	<u>0</u>	<u>759</u>
	<b><u>0</u></b>	<b><u>8,456</u></b>

## 10 Significant events occurring after the end of the financial year

No significant events have occurred after the balance sheet date that have a significant impact on the assessment of the annual report.

## Notes

### 11 Contingent liabilities

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

The company is unlimited jointly and severally liable to banks for Group companies; Nature Energy Holsted A/S, Nature Energy Midtfyn A/S, Nature Energy Nordfyn A/S, Nature Energy Vaarst A/S, Nature Energy Korskro A/S, Nature Energy Videbæk A/S, Nature Energy Hemmet ApS, Nature Energy Sdr. Vium ApS, Nature Energy Månsson A/S, Nature Energy Glansager A/S, Nature Energy Bånlev A/S, Nature Energy Køng A/S, Nature Energy Kværs A/S and Nature Energy Green Transport A/S.

### 12 Related parties and ownership structure

#### Controlling interest

NGF Partnership K/S  
NGF Denmark Holding ApS  
Nature Energy Biogas A/S

#### Transactions

Transactions with related parties have been made on market terms.

#### Consolidated financial statements

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

### 13 Fee to auditors appointed at the general meeting

With reference to ÅRL § 96 para. 3 provides information on audit fees in the consolidated financial statement of NGF Partnership K/S.

## **Accounting policies**

The annual report of Nature Energy Green Gas Sales A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C .

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

The annual report for 2021 is presented in TDKK

### **Basis of recognition and measurement**

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

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

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

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

### **Income statement**

#### **Segment information**

Information is provided on geographical markets. The segment information is provided in consideration of the company's accounting policies, risks and management control.

#### **Revenue**

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

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

#### **Raw materials and consumables**

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

## Accounting policies

### Other operating income

Other operating income comprises items of a secondary nature relative to the company's activities, including gains on the sale of intangible assets and items of property, plant and equipment.

### Other external expenses

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

### Amortisation, depreciation and impairment losses

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

### Financial income and expenses

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

### Tax on profit/loss for the year

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

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

## Balance sheet

### Intangible assets

#### *Goodwill*

Acquired goodwill is measured at cost less accumulated amortisation and impairment losses.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over the amortisation period, which is years. The amortisation period is based on the assessment that the entities in question are strategically acquired entities with a strong market position and a long-term earnings profile.

### Other securities and investments, fixed assets

Investments are measured at fair value.



## Accounting policies

### Impairment of fixed assets

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

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

### Receivables

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

### Equity

#### Dividends

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

#### Income tax and deferred tax

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

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

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

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

#### Liabilities

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

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

## Accounting policies

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under 'Equity'.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

### Cash flow statement

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

### Financial highlights

Definitions of financial ratios.

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