

2021

Annual report for 2021

NGF Partnership K/S
Ørbækvej 260, Odense SØ
CVR no. 39 37 69 89

Adopted at the annual
general meeting on
26 April 2022

Ole Hvelplund
chairman

nature
energy

Table of contents

	Page
Statements	
Statement by management on the annual report	1
Independent auditor's report	2
 Management's review	
Company details	5
Group chart	6
Financial highlights	7
Management's review	8
 Consolidated and parent financial statements	
Accounting policies	36
Income statement 1 January - 31 December	16
Balance sheet 31 December	17
Statement of changes in equity	20
Cash flow statement 1 January - 31 December	21
Notes	22

Statement by management on the annual report

The Board of Directors and Executive board have today discussed and approved the annual report of NGF Partnership K/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 consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 December 2021 and of the results of the group and the company operations and consolidated cash flows 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, 26 April 2022

Executive board

Ole Hvelplund
CEO

Board of Directors

Jesper Teddy Lok
chairman

Steen Parsholt
deputy chairman

Sam Abboud

Terrence Majid Tehranian

Daniel Johannes Michael Böhm

Torbjørn Lange

Independent auditor's report

To the shareholder of NGF Partnership K/S

Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2021, and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 January - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of NGF Partnership K/S for the financial year 1 January - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("financial statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and parent company" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements 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 consolidated financial statements and the financial statements

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

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

Independent auditor's report

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

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

Independent auditor's report

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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 management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company 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.

Based on the work we have performed, we conclude that management's review is in accordance with the consolidated financial statements and parent company 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, 26 April 2022

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
CVR no. 33 77 12 31

Mads Melgaard
State Authorised Accountant
MNE no. mne34354

Claus Damhave
statsautoriseret revisor
MNE no. mne34166

Company details

The company

NGF Partnership K/S
Ørbækvej 260
Odense SØ

CVR no.: 39 37 69 89

Reporting period: 1 January - 31 December 2021

Domicile: Odense

Board of Directors

Jesper Teddy Lok, chairman
Steen Parsholt, deputy chairman
Sam Abboud
Terrence Majid Tehranian
Daniel Johannes Michael Böhm
Torbjørn Lange

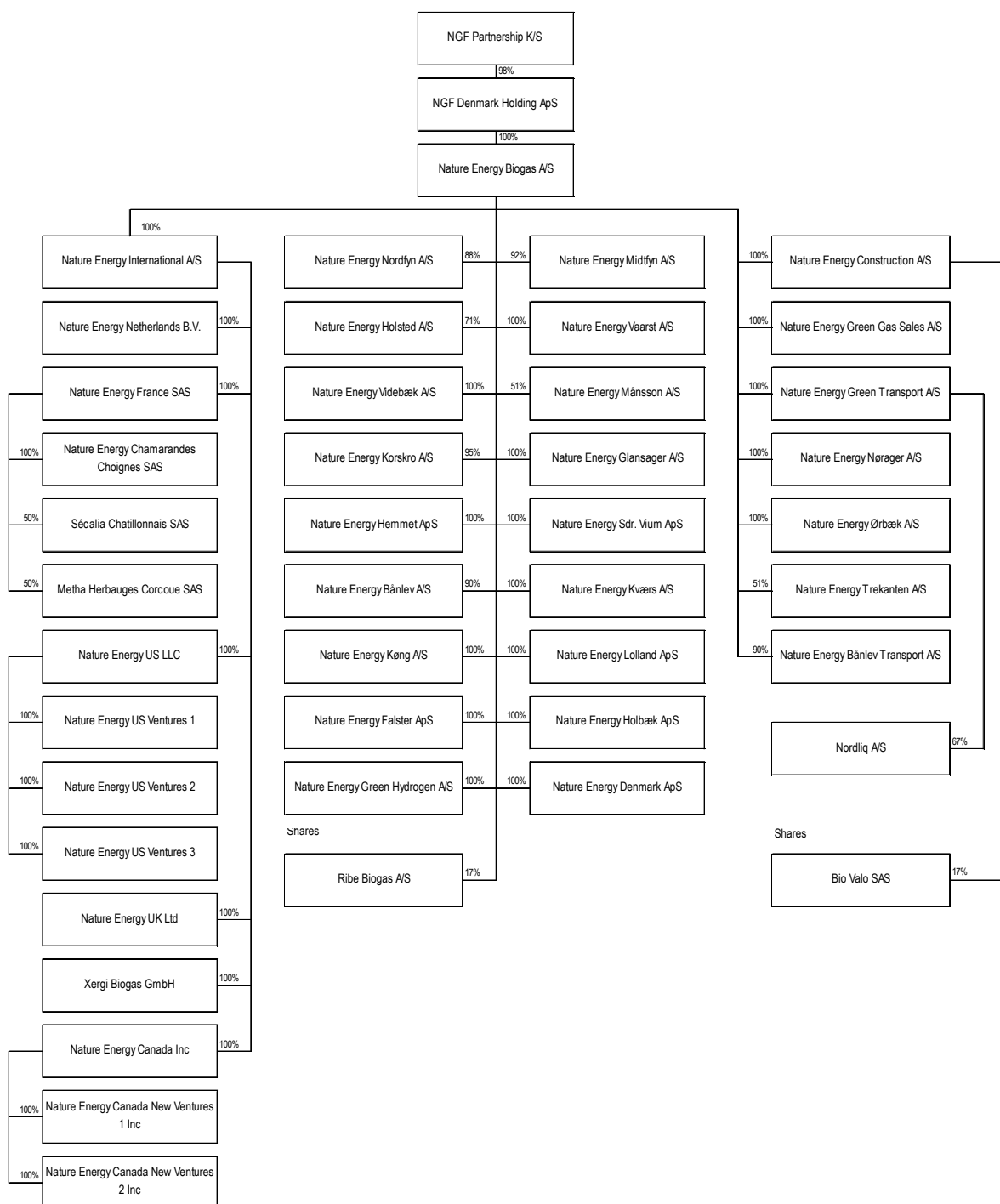
Executive board

Ole Hvelplund

Auditors

PricewaterhouseCoopers
statsautoriseret revisionspartnerselskab
Munkebjergvænget 1, 3.
5230 Odense M

Group chart



Financial highlights

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

	Group			
	2021	2020	2019	2018
	MDKK	MDKK	MDKK	MDKK
Key figures				
Profit/loss				
Revenue	1,806	898	693	373
Gross profit	770	299	220	84
EBITDA	593	149	86	9
Profit/loss before net financials	335	-25	-56	-58
Net financials	-41	-47	-30	-46
Profit/loss for the year	217	-67	-59	171
Balance sheet				
Balance sheet total	3,202	2,703	2,226	1,702
Equity	1,141	933	974	751
Cash flows from:				
- operating activities	375	57	8	-83
- investing activities	-405	-335	-570	-370
- including investment in property, plant and equipment	-417	-364	-445	-393
- financing activities	87	358	555	578
The year's changes in cash and cash equivalents	56	80	-6	125
Number of employees	268	243	228	181
Financial ratios				
Gross margin	42.6%	33.3%	31.7%	22.5%
EBIT margin	18.5%	-2.8%	-8.1%	-15.5%
Return on assets	11.3%	-1.0%	-2.9%	-6.8%
Solvency ratio	35.6%	34.5%	43.8%	44.1%
Return on equity	20.9%	-7.0%	-6.8%	45.5%
Return on equity, continuing operations	20.9%	-7.0%	-6.8%	-23.9%

For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The interests of Nature Energy Group are within the circular business, among others project development and the construction of projects relating to the production and upgrading of green gas to grid and biogas in transports.

The Group comprises a number of biogas companies, project companies, construction companies, Nature Energy Green Gas Sales A/S, Nature Energy Green Transport A/S and NGF Denmark Holding ApS.

In 2021, the Group employed an average of 268 employees.

Recognition and measurement of uncertainties

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

Unusual matters

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

Business review

The group's income statement for the year ended 31 December 2021 shows a profit of TDKK 216,513, and the balance sheet at 31 December 2021 shows equity of TDKK 1,140,889.

During 2021 Nature Energy Green Transport A/S has merged with Nature Energy Gastankstationer A/S.

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

Management's review

Biogas

Nature Energy Biogas A/S allocates the necessary resources to select and mature the biogas pipeline projects.

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

The construction of the biogas plants at Kværs in Southern Jutland and Køng in Zealand was initiated in Autumn 2020 and both plants are commissioned in 2022.

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

During 2021 further shared competences for analysis, monitoring, and optimisation of the biogas production has been added to the Nature Energy Group. The main laboratory has been extended in order to enable the Group to develop and improve the biogas business further.

Progress is still made in order to secure the long-term foundation of the Danish biogas business, focusing on developing biogas projects in all of Denmark and abroad. During 2021, significant progress has been made in the maturation of projects Lolland and Falster.

Moreover, progress in France, USA, Canada and Holland has been made to mature more projects abroad.

Construction

Nature Energy Construction A/S has been a leading supplier of advanced turnkey biogas plants for several years.

Nature Energy Construction A/S designs and builds award winning biogas plants. Based upon more than 30 years' experience, the company has developed plant concepts, which are flexible, robust in their construction, reliable in operations, and easy to operate.

Nature Energy Construction A/S now serves as the Group's EPC business and primarily serve the companies of the Group.

Significant events occurring after the end of the financial year

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

No other events have occurred after the balance sheet date which could significantly affect NGF Partnership K/S's financial position.

Management's review

Strategy and objectives

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 positive profit concerning the business in 2022 in the range of TDKK 0 to TDKK 20,000.

Special risk - operational risk and financial risk

Operating risk:

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 existing and planned plants in Denmark is secured 20 years of PSO subsidies from commissioning. Political objectives can change the possibilities and focus of the future biogas business.

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

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

Currency risk:

Nature Energy currently has loans in Danish Kroner and therefore no currency risks concerning loans. International activities, construction and sales of gas and certificates are primarily made in Danish Kroner and Euros, which entail that the exchange rates effects the result, cash flow and equity of the Group.

Interest rate-risk:

The biogas companies' long-term debt are related to the companies' construction of biogas plants and potentially has a significant impact on the companies' financials. The biogas companies' long-term debt loans have variable interest rates and consists of bank loans as well as loans with other credit institutions.

Credit risk:

There is no considerable credit risk for the biogas business, the companies continuously assess new customers, which may result in demands of prepayments or other form of deposits and ultimately a termination of the contracts.

Before signing of a supplier contract the construction business performs credit assessments of larger business partners.

Management's review

The past year and follow-up on last year's expected development

Last year's expectation concerning the realized result for 2021 has been realized at a higher level than expected due to high market prices for gas. However, the cost level and the performance of biogas production has been less satisfactory.

Statutory corporate social responsibility report

Business model:

The Nature Energy Group is Denmark's largest producer of green biogas based on food waste, industrial waste and agricultural by-products. The Nature Energy Group conducts business with sale of the produced gas through the gas grid. In addition, the company sells green certificates.

The Nature Energy Group returns the degassed biomass to the agriculture as manure that is both more effective and environment friendly than before. Since all input are mixed in the production, the residual product is a result of different elements that create a natural redistribution of nutrients in the manure. Additionally, the produced manure results in a reduction of nitrate emission into the lakes, rivers, and fjords.

In 2021, the Nature Energy Group on average employs 268 employees and operates 11 biogas plants.

Beside the production of sustainable biogas and manure, the company does research and runs its own laboratory. Therefore, the Nature Energy Group is a forerunner in the technological development within biogas production and its applicability.

The Nature Energy Group is a leading developer of advanced turnkey biogas plants with more than 30 years of experience. We specialize in large-scale plants, with any mix of feedstock, including food waste, straw, manure incl. chicken manure, deep litter, crop residue, industrial organic waste etc.

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 Group, or the negative impact that the Group 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 Group's primary activities take place in Denmark, which is considered one of the least corrupt countries according to Transparency International.

Nature Energy Group has a close relationship with suppliers, and so the risk of disrespect of human rights are considered low.

Nature Energy Group 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.

Management's review

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 group's ambition to contribute to Denmark's transition towards a green economy based on renewable energy sources.

The Group's risk to affect the environment and climate negatively is assessed to be limited. The primary risk consists of methane leak from the biogas plants. In the production of biogas, there is a risk that methane leaches from the plant. This is prevented through frequent checks and maintenance.

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

Efforts and results for the environmental and climate impact

Description of how the Group 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, CO₂-neutral gas as effectively as possible. We collect and deliver biomass from businesses, agriculture and households and return the degassed biomass to the agriculture that recycles nutrients.

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

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.

Management's review

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 Group 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 NGF Partnership K/S wants to ensure an always qualified composition. The Board of Directors consists of six members, currently all men. NGF Partnership K/S always wants 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.

On other management levels of the Nature Energy Group an equal composition between genders is aimed at, while taking into account always to choose the best qualified candidate. As of 31 December 2021, the split between genders are 21/79 on other management levels.

NGF Partnership K/S has less than 50 employees and therefore is not obligated to have a policy concerning increase of the underrepresented gender. Still the Group's employees should all feel that they have the same opportunities for career and management positions regardless of gender. The employees should feel that the Group has an open and unbiased culture in which the individual can exploit its skills in the best possible way regardless of gender.

At any time, the Group aims to have a harmonious and competent management at all levels of the organization therefore occupation of management positions take into account the candidate's qualifications and competencies relevant to the responsibility. A management position in the organization will always be filled with the best candidate based on an overall assessment.

Management's review

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 Group 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.

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 - 31 December

	Note	Group		Parent company	
		2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Revenue	1	1,805,728	897,899	47,352	41,790
Other operating income		23,768	20,534	192	169
Raw materials and consumables		-844,093	-510,204	0	0
Other external expenses		-215,719	-109,541	-11,393	-9,664
Gross profit		769,684	298,688	36,151	32,295
Staff costs	2	-176,757	-149,355	-35,917	-31,868
Profit/loss before amortisation/depreciation and impairment losses		592,927	149,333	234	427
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-223,738	-170,325	0	0
Other operating costs	4	-34,070	-3,605	0	0
Profit/loss before net financials		335,119	-24,597	234	427
Income from investments in subsidiaries		0	0	176,582	-63,917
Income from investments in associates		0	-3,370	0	0
Financial income	5	3,028	3,871	0	0
Financial costs	6	-44,316	-47,280	-191	-267
Profit/loss before tax		293,831	-71,376	176,625	-63,757
Tax on profit/loss for the year	7	-77,318	4,242	0	0
Profit/loss for the year		216,513	-67,134	176,625	-63,757
Distribution of profit	8				

Balance sheet 31 December

		Group		Parent company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Assets					
Completed development projects		0	0	0	0
Acquired patents, licenses and other rights		67,526	84,601	0	0
Goodwill		74,624	84,411	0	0
Intangible assets	9	142,150	169,012	0	0
Land and buildings		465,713	486,078	0	0
Plant and machinery		1,251,470	1,428,949	0	0
Other fixtures and fittings, tools and equipment		109,218	58,859	0	0
Property, plant and equipment in progress		419,301	60,558	0	0
Tangible assets	10	2,245,702	2,034,444	0	0
Investments in subsidiaries	11	0	0	1,028,724	858,816
Investments in associates	12	0	153	0	0
Other fixed asset investments	13	2,102	2,102	0	0
Other receivables	13	0	9,619	0	0
Fixed asset investments		2,102	11,874	1,028,724	858,816
Total non-current assets		2,389,954	2,215,330	1,028,724	858,816

Balance sheet 31 December (continued)

		Group		Parent company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Assets					
Raw materials and consumables		38,286	11,629	0	0
Inventory		38,286	11,629	0	0
Trade receivables		395,413	155,367	0	0
Receivables from group enterprises		0	0	9,205	11,242
Other receivables		115,656	67,786	21	0
Deferred tax asset	14	0	45,963	0	0
Prepayments	15	7,755	8,070	0	0
Receivables		518,824	277,186	9,226	11,242
Cash at bank and in hand		254,447	198,398	625	368
Total current assets		811,557	487,213	9,851	11,610
Total assets		3,201,511	2,702,543	1,038,575	870,426

Balance sheet 31 December

		Group		Parent company	
	Note	2021	2020	2021	2020
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Reserve for net revaluation under the equity method		0	0	236,698	66,525
Foreign currency translation reserve		-422	-527	0	0
Retained earnings		1,026,374	856,263	789,254	789,211
Non-controlling interests		114,937	76,774	0	0
Equity		1,140,889	932,510	1,025,952	855,736
Provision for deferred tax	14	6,188	0	0	0
Other provisions	16	6,324	1,801	0	0
Total provisions		12,512	1,801	0	0
Other credit institutions		1,365,932	1,293,174	0	0
Lease obligations		29,648	25,510	0	0
Other payables		3,793	15,650	0	2,343
Total non-current liabilities	17	1,399,373	1,334,334	0	2,343
Other credit institutions	17	89,695	67,680	0	0
Lease obligation	17	5,400	3,973	0	0
Trade payables		316,373	183,065	2,048	179
Payables to associates		416	0	0	0
Corporation tax		23,803	0	0	0
Other payables		122,935	77,073	10,575	12,168
Deferred income	18	90,115	102,107	0	0
Total current liabilities		648,737	433,898	12,623	12,347
Total liabilities		2,048,110	1,768,232	12,623	14,690
Total equity and liabilities		3,201,511	2,702,543	1,038,575	870,426
Rent and lease liabilities	19				
Contingent liabilities	20				
Mortgages and collateral	21				
Related parties and ownership structure	22				
Fee to auditors appointed at the general meeting	23				

Statement of changes in equity

Group

	Foreign currency translation reserve	Retained earnings	Non-controlling interests	Total
Equity at 1 January 2021	-527	856,263	76,774	932,510
Exchange adjustments	105	0	0	105
Purchase of minority shares	0	0	615	615
Other equity movements	0	-6,514	-2,340	-8,854
Net profit/loss for the year	0	176,625	39,888	216,513
Equity at 31 December 2021	-422	1,026,374	114,937	1,140,889

Parent company

	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2021	66,525	789,211	855,736
Exchange adjustment, foreign	105	0	105
Other equity movements	-6,514	0	-6,514
Net profit/loss for the year	176,582	43	176,625
Equity at 31 December 2021	236,698	789,254	1,025,952

Cash flow statement 1 January - 31 December

	Note	Group	
		2021	2020
		TDKK	TDKK
Net profit/loss for the year		216,513	-67,134
Adjustments	24	342,344	211,610
Change in working capital	25	-142,770	-58,170
Cash flows from operating activities before financial income and expenses		416,087	86,306
Interest income and similar income		3,028	3,871
Interest expenses and similar charges		-44,316	-33,192
Cash flows from operating activities		374,799	56,985
Purchase of intangible assets		-1,608	-2,130
Purchase of property, plant and equipment		-417,021	-364,427
Fixed asset investments made etc		-7,500	0
Sale of property, plant and equipment		11,228	1,080
Sale of fixed asset investments etc		9,619	22,765
Business acquisition		0	7,435
Cash flows from investing activities		-405,282	-335,277
Repayment of other long-term debt		-11,857	-7,511
Raising of loans from credit institutions, netto		94,773	338,789
Lease liabilities assumed		5,565	24,943
Raising of loans from associates		416	0
Minority interests		615	0
Cash capital increase		0	1,595
Dividend paid		-2,980	0
Cash flows from financing activities		86,532	357,816
Change in cash and cash equivalents		56,049	79,524
Cash and cash equivalents		198,398	118,874
Cash and cash equivalents		254,447	198,398
Analysis of cash and cash equivalents:			
Cash at bank and in hand		254,447	198,398
Cash and cash equivalents		254,447	198,398

Notes

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
1 Revenue				
Sales of Biogas	1,656,709	783,495	0	0
Sales of CNG	96,251	61,389	0	0
Sales Construction	15,322	12,430	0	0
Other sales	37,446	40,585	47,352	41,790
Total revenue	1,805,728	897,899	47,352	41,790
2 Staff costs				
Wages and salaries	151,359	134,805	32,402	28,944
Pensions	17,949	10,399	3,231	2,677
Other social security costs	7,449	4,151	284	247
	176,757	149,355	35,917	31,868
Remuneration to the Executive Board and Board of Directors	6,018	5,298	0	0
Average number of employees	268	243	39	36

With reference to the Danish Financial Statement Act 98b section 3, as the Executive board in the Parent Company only consisted of one member, the remuneration has not been disclosed. In the Parent Company no remuneration has been paid to the Board of Directors.

Notes

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
3 Depreciation, amortisation and impairment of intangible assets and property, plant and equipment				
Depreciation intangible assets	28,470	27,940	0	0
Depreciation tangible assets	195,268	142,385	0	0
	223,738	170,325	0	0
4 Special items				
Closed dispute regarding project development, included within Other operating costs	-29,463	0	0	0
Impairment losses on fixed assets investments, included within Financial costs	0	-14,088	0	0
	-29,463	-14,088	0	0
5 Financial income				
Other financial income	3,028	3,871	0	0
	3,028	3,871	0	0
6 Financial costs				
Impairment losses on financial assets	0	14,088	0	0
Financial expenses, group entities	0	0	164	162
Other financial costs	44,316	33,192	27	105
	44,316	47,280	191	267

Notes

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
7 Tax on profit/loss for the year				
Current tax for the year	23,803	0	0	0
Deferred tax for the year	50,281	-8,494	0	0
Adjustment of tax concerning previous years	1,364	-2,990	0	0
Adjustment of deferred tax concerning previous years	1,870	7,242	0	0
	77,318	-4,242	0	0
8 Distribution of profit				
Reserve for net revaluation under the equity method	0	0	176,582	-63,917
Retained earnings	176,625	-63,757	43	160
	176,625	-63,757	176,625	-63,757
Non-controlling interests	39,888	-3,377	0	0
	216,513	-67,134	176,625	-63,757

Notes

9 Intangible assets

Group

	Completed development projects	Acquired patents, licenses and other rights	Goodwill	Total
Cost at 1 January 2021	2,695	171,534	107,644	281,873
Additions for the year	0	1,608	0	1,608
Transfers for the year	0	0	0	0
Cost at 31 December 2021	2,695	173,142	107,644	283,481
Impairment losses and amortisation at 1 January 2021	2,695	86,933	23,233	112,861
Amortisation for the year	0	18,683	9,787	28,470
Impairment losses and amortisation at 31 December 2021	2,695	105,616	33,020	141,331
Carrying amount at 31 December 2021	0	67,526	74,624	142,150

Completed development projects include the development and testing of machines for shredding and transporting biomass. The machines were completed and taken into use in 2014 and amortized over 5 years.

Notes

10 Tangible assets

Group

	Land and buildings	Plant and machinery	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2021	562,181	1,850,900	80,093	60,558	2,553,732
Additions for the year	9,129	995	33,050	373,847	417,021
Disposals for the year	-2,582	-7,871	-5,370	0	-15,823
Transfers for the year	372	-44,652	59,384	-15,104	0
Cost at 31 December 2021	569,100	1,799,372	167,157	419,301	2,954,930
Revaluations at 1 January 2021	0	8,667	0	0	8,667
Revaluations at 31 December 2021	0	8,667	0	0	8,667
Impairment losses and depreciation at 1 January 2021	76,103	430,618	21,234	0	527,955
Depreciation for the year	27,284	149,448	18,536	0	195,268
Impairment and depreciation of sold assets for the year	0	-2,456	-2,872	0	-5,328
Transfers for the year	0	-21,041	21,041	0	0
Impairment losses and depreciation at 31 December 2021	103,387	556,569	57,939	0	717,895
Carrying amount at 31 December 2021	465,713	1,251,470	109,218	419,301	2,245,702
Revaluation less amortisation, depreciation and impairment losses	0	4,255	0	0	
Carrying amount at 31 December 2021 before revaluations	465,713	1,247,215	109,218	419,301	
Interest expenses recognised as part of cost of assets	0	0	0	0	35,006
Value of leased assets	0	0	27,917	0	

Notes

	Parent company	
	2021	2020
	TDKK	TDKK
11 Investments in subsidiaries		
Cost at 1 January 2021	792,291	792,000
Additions for the year	132	291
Disposals for the year	-397	0
Cost at 31 December 2021	792,026	792,291
Revaluations at 1 January 2021	66,525	129,181
Exchange adjustment	105	0
Net profit/loss for the year	176,582	-63,917
Other equity movements, net	-6,514	1,261
Revaluations at 31 December 2021	236,698	66,525
Carrying amount at 31 December 2021	1,028,724	858,816

Notes

Group

Investments in subsidiaries are specified as follows:

Name	Registered office	Ownership interest
Nature Energy Nørager A/S	Odense	100%
Nature Energy Ørbæk A/S	Odense	100%
Nature Energy Korskro A/S	Odense	95%
Nature Energy Vaarst A/S	Odense	100%
Nature Energy Holsted A/S	Odense	71%
Nature Energy Midtfyn A/S	Odense	92%
Nature Energy Nordfyn A/S	Odense	88%
Nature Energy Glansager A/S	Odense	100%
Nature Energy Trekanten A/S	Odense	51%
Nature Energy Holbæk ApS	Odense	100%
Nature Energy Lolland ApS	Odense	100%
Nature Energy Køng A/S	Odense	100%
Nature Energy Månsson A/S	Odense	51%
Nature Energy Videbæk A/S	Odense	100%
Nature Energy Green Gas Sales A/S	Odense	100%
Nature Energy Green Transport A/S	Odense	100%
Nature Energy Hemmet ApS	Odense	100%
Nature Energy Sdr. Vium ApS	Odense	100%
Nature Energy Construction A/S	Støvring	100%
Nature Energy Kværs A/S	Odense	100%
Nature Energy Green Hydrogen A/S	Odense	100%
Nature Energy Denmark ApS	Odense	100%
Nature Energy International A/S	Odense	100%
Nature Energy Falster ApS	Odense	100%
Nature Energy Bånlev A/S	Odense	90%
Nature Energy Bånlev Transport A/S	Odense	90%
Nordliq A/S	Odense	67%
Nature Energy Biogas A/S	Odense	100%
NGF Denmark Holding A/S	Odense	98%
Nature Energy France SAS	France	100%
Nature Energy Chamarandes Choignes SAS	France	100%
Sécalia Chatillonnais SAS	France	50%
Metha Herbauges Corcoue SAS	France	50%
Nature Energy Canada Inc	Canada	100%

Notes

11 Investments in subsidiaries (continued)

Name	Registered office	Ownership interest
Nature Energy Canada New Ventures 1 Inc	Canada	100%
Nature Energy Canada New Ventures 1 Inc	Canada	100%
Nature Energy Netherlands B.V.	Netherlands	100%
Nature Energy US LLC	USA	100%
Nature Energy US Ventures 1	USA	100%
Nature Energy US Ventures 2	USA	100%
Nature Energy US Ventures 3	USA	100%
Nature Energy UK Ltd	England	100%
Nature Energy GmbH	Germany	100%

	Group		Parent company	
	2021 TDKK	2020 TDKK	2021 TDKK	2020 TDKK
12 Investments in associates				
Cost at 1 January 2021	153	31,653	0	0
Disposals for the year	-153	-31,500	0	0
Cost at 31 December 2021	0	153	0	0
Revaluations at 1 January 2021	0	-2,643	0	0
Net profit/loss for the year	0	-3,370	0	0
Transfers for the year	0	6,255	0	0
Other equity movements, net	0	-242	0	0
Revaluations at 31 December 2021	0	0	0	0
Carrying amount at 31 December 2021	0	153	0	0

Group

Investments in associates are specified as follows:

Name	Registered office	Ownership interest
Nordliq A/S	Odense	0%

Notes

13 Fixed asset investments

Group	Other fixed asset investments	Other receiv- ables
Cost at 1 January 2021	2,102	9,619
Disposals for the year	0	-9,619
Cost at 31 December 2021	2,102	0
Carrying amount at 31 December 2021	2,102	0

Other fixed assets investments consist of the investments in entities.

	Group		Parent company	
	2021	2020	2021	2020
	<small>TDKK</small>	<small>TDKK</small>	<small>TDKK</small>	<small>TDKK</small>
14 Provision for deferred tax				
at 1 January 2021	-45,963	-44,711	0	0
Deferred tax recognized in the income statement	52,151	-1,252	0	0
Transferred to deferred tax asset	0	45,963	0	0
	6,188	0	0	0
Deferred tax asset				
Deferred tax asset	0	45,963	0	0
Balance at 31 December 2021	0	45,963	0	0

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

15 Prepayments

Prepayments comprise prepaid expenses regarding rent, insurance premiums, subscriptions and interest.

Notes

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
16 Other provisions				
Balance at beginning of year at 1 January 2021	1,801	6,414	0	0
Provision in year	6,863	590	0	0
Applied in the year	-2,340	-5,203	0	0
Balance at 31 December 2021	6,324	1,801	0	0

The expected due dates of other provisions are:

Within one year	2,569	1,653	0	0
Between 1 and 5 years	3,755	148	0	0
	6,324	1,801	0	0

Guarantee provisions include the company's guarantee for completed projects in accordance with the AB rules.

Notes

17 Long term debt

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Other credit institutions				
After 5 years	894,264	884,820	0	0
Between 1 and 5 years	471,668	408,354	0	0
Non-current portion	1,365,932	1,293,174	0	0
Within 1 year	89,695	67,680	0	0
Current portion	89,695	67,680	0	0
	1,455,627	1,360,854	0	0
Lease obligations				
After 5 years	6,706	5,824	0	0
Between 1 and 5 years	22,942	19,686	0	0
Non-current portion	29,648	25,510	0	0
Within 1 year	5,400	3,973	0	0
	35,048	29,483	0	0
Other payables				
After 5 years	0	10,732	0	2,343
Between 1 and 5 years	3,793	4,918	0	0
Non-current portion	3,793	15,650	0	2,343
Within 1 year	2,739	1,060	0	0
Other short-term other debt	120,196	76,013	10,575	12,168
Current portion	122,935	77,073	10,575	12,168
	126,728	92,723	10,575	14,511

18 Deferred income

Deferred income consists of payments received in respect of income in subsequent financial years.

Notes

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
19 Rent and lease liabilities				
Rent and lease liabilities for group entities. Total future lease payments:				
Within 1 year	8,318	8,268	960	770
Between 1 and 5 years	21,777	15,055	977	660
After 5 years	31,779	1,560	0	0
	61,874	24,883	1,937	1,430

20 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. 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 Group has signed a sponsorship agreement for TDKK 1,200 for a 1.5 year period.

Nature Energy Holsted A/S, Nature Energy Vaarst A/S, Nature Energy Nordfyn A/S, Nature Energy Korskro A/S, Nature Energy Månsson A/S, Nature Energy Videbæk A/S, Nature Energy Midtfyn A/S, Nature Energy Hemmet A/S, Nature Energy Sdr. Vium ApS, Nature Energy Glansager A/S and Nature Energy Bånlev A/S has assigned ongoing subsidies to secure payment of services.

A bankaccount, with book value TDKK 60, is pledge as security for disposal of a silo.

The Group has provided a guarantee of TDKK 20 to third-parties.

The Group has entered payment guarantees to third parties of TDKK 40 for Nature Energy Construction A/S.

Nature Energy Månsson A/S has a pending case regarding reduction of capex subsidy, which can amount to a maximum of TDKK 1,853. The case is awaiting the Danish Environment and Food Appeals Board's decision.

Pledged shares

The Group has provided shares in a subsidiary as collateral for debt to other credit institutions. The book value of the shares per December 31, 2021, TDKK 712,834.

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
21 Mortgages and collateral				

The following assets have been put up as security for debt to mortgage credit institutions:

Notes

21 Mortgages and collateral (continued)

Land and buildings	462,304	465,966	-	-
Plant and machinery	1,251,470	1,428,949	-	-
Inventory	-	2,982	-	-
	<u>1,713,774</u>	<u>1,897,897</u>	<u>-</u>	<u>-</u>

The following assets have been put up as security for the group's floating charge:

Plant, machinery, land and buildings	20,443	14,159	-	-
Trade receivables	20,613	14,350	-	-
	<u>41,056</u>	<u>28,509</u>	<u>-</u>	<u>-</u>

22 Related parties and ownership structure

There are no companies with controlling interest.

All related party transactions are made on market terms.

23 Fee to auditors appointed at the general meeting

PricewaterhouseCoopers:

	Group		Parent company	
	2021	2020	2021	2020
	TDKK	TDKK	TDKK	TDKK
Audit fee	724	610	46	45
Tax advisory services	472	604	0	0
Non-audit services	642	717	0	0
	<u>1,838</u>	<u>1,931</u>	<u>46</u>	<u>45</u>

Notes

		Group	
		2021	2020
		<small>TDKK</small>	<small>TDKK</small>
24	Cash flow statement - adjustments		
	Financial income	-3,028	-3,871
	Financial costs	44,316	47,280
	Depreciation, amortisation and impairment losses	223,738	170,325
	Income from investments in associates	0	3,370
	Tax on profit/loss for the year	77,318	-4,242
	Other adjustments	0	-1,252
		342,344	211,610
25	Cash flow statement - change in working capital		
	Change in inventories	-26,657	3,040
	Change in receivables	-287,601	-12,152
	Change in trade payables, etc.	171,488	-49,058
		-142,770	-58,170

Accounting policies

The annual report of NGF Partnership K/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 business segments. The segment information is provided in consideration of the Group's accounting policies, risks, internal reporting and management control. The Group's activities are regarded as the primary segment area.

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.

Expenses for raw materials and consumables

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

Accounting policies

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

Other external expenses

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

Staff costs

Staff expenses comprise wages and salaries as well as payroll expenses other than production wages.

Amortisation, depreciation and impairment losses

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

Financial income and expenses

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

Income from investments in subsidiaries and associates

The items "Income from investments in subsidiaries" and "Income from investments in associates" in the income statement include the proportionate share of the profit for the year.

Tax on profit/loss for the year

The Parent Company is not an independent tax subject, consequently no tax has been included in the annual report.

Tax for the year in the Group 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 Group is jointly taxed with wholly owned Danish and foreign subsidiaries. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Accounting policies

Balance sheet

Intangible assets

Goodwill

Gains or losses on disposal of subsidiaries and associates are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal plus non-amortised goodwill and anticipated disposal costs.

Acquisitions of entities are accounted for using the purchase method, according to which the acquirees' identifiable assets and liabilities are measured at fair value at the date of acquisition. Provision is made for expenses to adopted and announced plans to restructure the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset. Goodwill arising on acquisition can be restated until the end of the year after the acquisition.

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 10 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.

Development projects, patents, licences and other rights

Development costs comprise costs, wages/salaries and amortisation losses that are directly and indirectly attributable to the company's development activities.

Development projects recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

Following the completion of the development work, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually five years.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining patent period, and licences are amortised over the term of the licence, however not more than 5 years.

Rights is measured at cost less accumulated amortisation. Rights is amortised on a straight-line basis over its useful life, which is assessed at 7-10 years.

Accounting policies

Tangible assets

Items of land and buildings, plant and machinery and fixtures and fittings, tools and equipment are measured at cost added revaluations and less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life. Land is not depreciated.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

Interest expenses on loans obtained specifically for the purpose of financing the manufacturing of items of property, plant and equipment are included in cost over the manufacturing period. All indirect, attributable borrowing costs are recognised in the income statement.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

Land and buildings	years	20
Plant and machinery	years	3-20
Other fixtures and fittings, tools and equipment	years	3-5

The useful life and residual value are re-assessed annually. A change is accounted for as an accounting estimate, and the impact on amortisation/depreciation is recognised going forward.

Gains or losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses, respectively.

Leases

Leases for items of property, plant and equipment that transfer substantially all the risks and rewards incident to ownership to the company (finance leases) are recognised in the balance sheet as assets. On initial recognition, assets are measured at estimated cost, corresponding to the lower of fair value of the leased asset and the present value of the future lease payments. In calculating the net present value of the future lease payments, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently depreciated as the company's other non-current assets.

The capitalised residual lease commitment is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and any other leases are recognised in the income statement over the term of the lease. The company's total liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'.

Accounting policies

Investments in subsidiaries and associates

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

The items “Investments in subsidiaries” and “Investments in associates” in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries and associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method” under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other securities and investments, fixed assets

Investments are measured at fair value.

Impairment of fixed assets

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

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

Inventory

Inventory are measured at cost using the .FIFO method. Where the net realisable value is lower than the cost, inventories are recognised at this lower value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

Accounting policies

Receivables

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

Special items

Special items in 2020 relate to impairment losses on fixed assets investments. The amount is recognized as financial costs.

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

Prepayments

Prepayments recognised under 'Current assets' comprises expenses incurred concerning subsequent financial years.

Equity

Dividends

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

Income tax and deferred tax

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

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

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

Accounting policies

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.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

Accounting policies

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

Cash flows from financing activities comprise changes in the size or composition of the group's share capital and related costs, as well as the raising of loans, repayment of interest-bearing debt and payment of dividends to shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial highlights

Definitions of financial ratios.

Gross margin ratio	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials} \times 100}{\text{Revenue}}$
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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$
Return on equity, continuing operations	$\frac{\text{Net profit for the year, continuing operations} \times 100}{\text{Average equity}}$