2019

Annual report for 2019

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

Adopted at the annual
general meeting on
29 April 2020

Ole Hvelplund
chairman

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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 2019.

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 2019 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 January - 31 December 2019.

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, 29 April 2020

Executive board

Ole Hvelplund
CEO

Board of Directors

Peter Gæmelke 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 2019, 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 2019 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 2019, 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. 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 the 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 judgment and maintain professional skepticism 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.

- 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, 29 April 2020

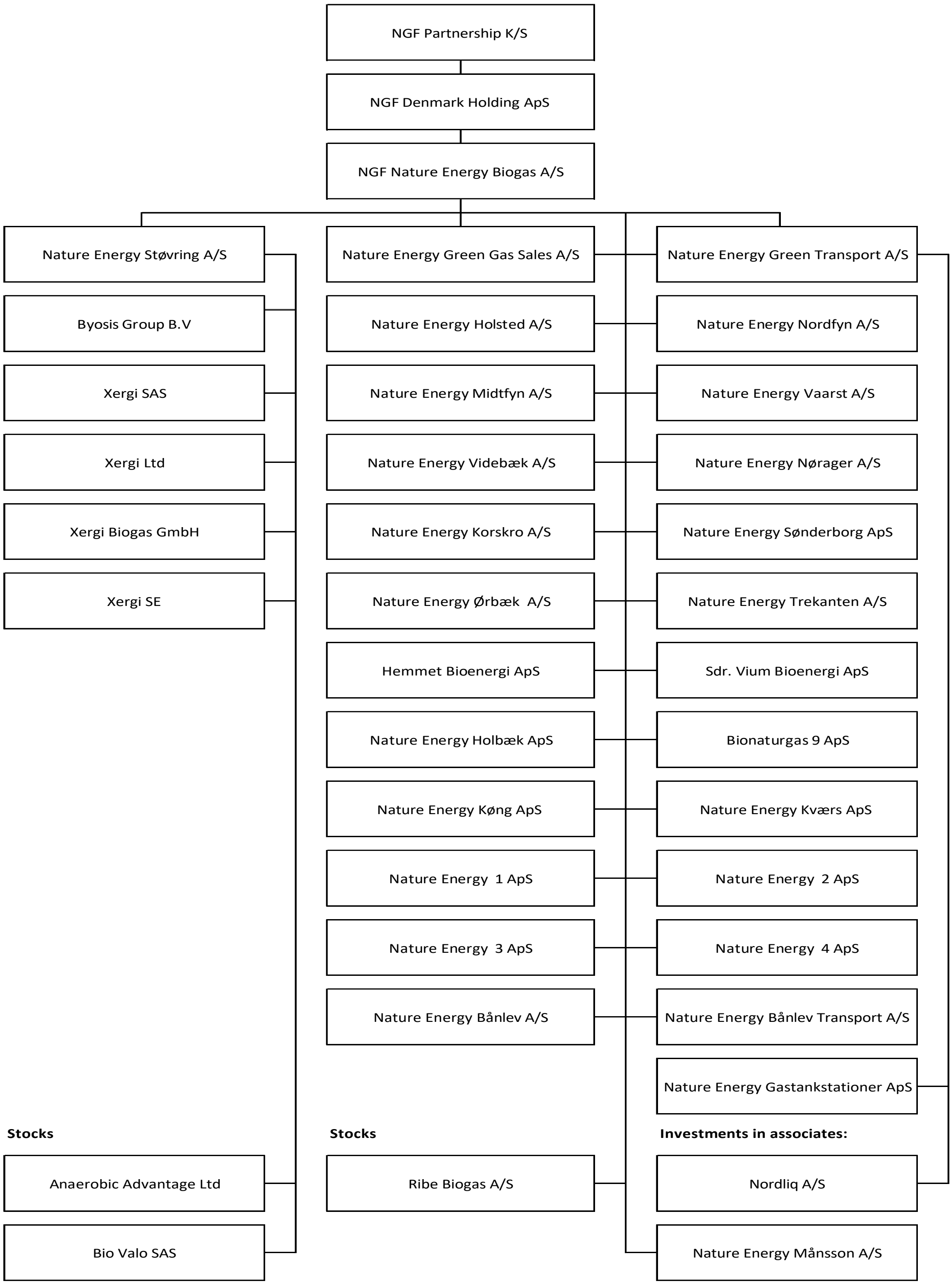
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 33 77 12 31

Mads Meldgaard State Authorised Accountant MNE no. mne24826	Line Hedam statsautoriseret revisor MNE no. mne27768

Company details

The company	NGF Partnership K/S Ørbækvej 260 Odense SØ	
	CVR no.:	39 37 69 89
	Reporting period:	1 January - 31 December 2019
	Domicile:	Odense
Board of Directors	Peter Gæmelke, chairman Steen Parsholt, deputy chairman Sam Abboud Terrence Majid Tehranian Daniel Johannes Michael Böhm Torbjørn Lange	
Executive board	Ole Hvelplund, CEO	
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Rytterkasernen 21 5000 Odense C	

Group chart


NGF Partnership K/S
NGF Denmark Holding ApS
NGF Nature Energy Biogas A/S
Nature Energy Støvring A/S
Byosis Group B.V
Xergi SAS
Xergi Ltd
Xergi Biogas GmbH
Xergi SE
Nature Energy Green Gas Sales A/S
Nature Energy Holsted A/S
Nature Energy Midtfyn A/S
Nature Energy Videbæk A/S
Nature Energy Korskro A/S
Nature Energy Ørbæk A/S
Hemmet Bioenergi ApS
Nature Energy Holbæk ApS
Nature Energy Køng ApS
Nature Energy 1 ApS
Nature Energy 3 ApS
Nature Energy Bånlev A/S
Nature Energy Green Transport A/S
Nature Energy Nordfyn A/S
Nature Energy Vaarst A/S
Nature Energy Nørager A/S
Nature Energy Sønderborg ApS
Nature Energy Trekanten A/S
Sdr. Vium Bioenergi ApS
Bionaturgas 9 ApS
Nature Energy Kværs ApS
Nature Energy 2 ApS
Nature Energy 4 ApS
Nature Energy Bånlev Transport A/S
Nature Energy Gastankstationer ApS
Stocks
Anaerobic Advantage Ltd
Bio Valo SAS
Stocks
Ribe Biogas A/S
Investments in associates:
Nordliq A/S
Nature Energy Månsson A/S

Financial highlights

Seen over a 2-year period, the development of the Company may be described by means of the following financial highlights:

	Group	
	2019	2018
	MDKK	MDKK
Key figures		
Profit/loss		
Revenue	693	373
Gross profit	220	84
Profit/loss before amortisation/depreciation and impairment losses	86	9
Profit/loss before net financials	-56	-58
Net financials	-30	-46
Profit/loss for the year	-59	171
Balance sheet		
Balance sheet total	2,226	1,702
Equity	974	751
Cash flows from:		
- operating activities	8	-83
- investing activities	-570	-370
- including investment in property, plant and equipment	-445	-393
- financing activities	555	578
The year's changes in cash and cash equivalents	-6	125
Number of employees	228	181
Financial ratios		
Gross margin	31.7%	22.5%
EBIT margin	-8.1%	-15.5%
Return on assets	-2.9%	-6.8%
Solvency ratio	43.8%	44.1%
Return on equity	-6.8%	45.5%
Return on equity, continuing operations	-6.9%	-23.9%

The financial ratios are calculated in accordance with the Danish Finance Society's recommendations and guidelines. For definitions, see the summary of significant accounting policies.

Management's review

Business activities

The interests of Nature Energy Group is 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, NGF Nature Energy Green Gas Sales A/S, NGF Nature Energy Green Transport A/S and NGF Denmark Holding ApS.

In 2019, an average of 228 employees were employed by the Group.

Business review

The group's income statement for the year ended 31 December 2019 shows a loss of TDKK 59,277, and the balance sheet at 31 December 2019 shows equity of TDKK 974,104.

In July 2019, NGF Nature Energy Biogas A/S acquired Nature Energy Bånlev A/S and Nature Energy Bånlev Transport A/S.

Further, in September 2019 the subsidiary of NGF Nature Energy Biogas A/S, Nature Energy Green Transport A/S acquired Nature Energy Gastankstationer ApS, which included 9 CNG stations.

Biogas

NGF 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 2 years is estimated, before revenue from the biogas production are expected.

A significant part of the further development of the biogas business was initiated in 2018. The construction of the biogas plant at Glansager was started in 2019 as well as the expansions of Månsson, Midtfyn, Nordfyn and Bånlev. All five plants are completed in 2020.

The expansion of the plant in Holsted was completed in the middle of 2019.

Thus, eleven biogas plants are fully commissioned at the beginning of 2021 with a combined production of upgraded biogas with a magnitude of 166 million m3 per year.

During 2019 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 2019, significant progress has been made in the maturation of projects in Southern Jutland and on Zealand .

Management's review

Construction

Nature Energy Støvring A/S has been a leading supplier of advanced turnkey biogas plants for several years. Nature Energy Støvring 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 Støvring A/S has changed its focus during 2019, in the future the company will serve as the Group's EPC business and primarily serve the companies of the Group.

Operating risks:

In 2020, the risk assessment will still be characterised 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 is secured 20 years of PSO subsidies from commissioning. Political objectives can change the possibilities and focus of the biogas business in the future.

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 companies.

Nature Energy Group in general is exposed to risk of deviations of 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 compliance between the conditions of producing and selling biogas.

Currency risks:

NGF Nature Energy currently has loans in Danish Kroner and therefore no currency risks concerning loans. International activities, construction and sales of gas and certificates entail that the exchange rates affects the result, cash flow and equity of the company.

Interest rate-risks:

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 consists of bank loans as well as loans with other credit institutions.

Credit risks:

There are no considerable credit risks for the biogas business, the companies continuously assesses new customers, which may result in demands of pre payments or other form of deposits and ultimately a termination of the contracts.

Management's review

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

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 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.

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 company’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 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 self regulation and maintenance.

Efforts and results for the environmental and climate impact

Throughout the year, the Nature Energy Group commissioned one new biogas plant and finished the expansion of one plant so the capacity for the production of sustainable biogas was increased. In addition, the Nature Energy Group’s number of trucks was increased, increasing the distribution of renewable manure.

During 2019, the Nature Energy Group continuously holds both external and internal control of the production plants in order to minimise emission of methane.

The degassed manure does not smell when it is distributed to the fields and so reduces the odour emission from the agriculture.

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, the Nature Energy Group has a number of established objectives and guidelines to approach health, safety, and other employee matters including the company’s employees.

It is the Nature Energy Group’s ambition to conduct the production with the least negative impact of the surrounding areas, including neighbours, etc. The Group continuously endeavours 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

During 2019, the company continued to introduce all new employees to the company's employee policies in order to ensure compliance of applicable rules and guidelines.

Based on the results of the employee survey in 2018, the Nature Energy Group has presented and executed an action plan in 2019 to the improvement of the employee relations in the individual departments. This has led to a result in the employee survey for 2019 with a high level of job satisfaction.

Despite the increase in the workforce and a varying employee turnover across functions, the 2019 level for the employee turnover has reached a satisfyingly 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, the Group have decided to introduce a number of graduate positions, which secures attracting talented employees for future positions.

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 under represented 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 Board of Directors. The Board of Directors consists of six members, currently all men. NGF Partnership K/S always wants to recruit the best qualified members of the Board. The intention is to increase the under represented gender's share to one third towards 2024. The ownership has changed the composition of the Board throughout the year, but the ration 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 for taking into account always to choose the best qualified candidate. As of 31 December 2019, there is an equality of genders on other management levels.

Management's review

Expected development of the company, including specific prerequisites and uncertainties

Strategy and objectives

The NGF Nature Energy companies continuously expect to offer green gas and green certificates to a much larger extent and to be able to offer new products derived hereof.

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 company's expectations for the future are not expected to be significantly affected as a result of Covid-19 and the actions by the governments in most of the world taken to mitigate the effects of the outbreak. See also the discussion of subsequent events described in note 21.

Unusual matters

The group's financial position at 31 December 2019 and the results of its operations and cash flows for the financial year ended 31 December 2019 are not affected by any unusual matters.

Recognition and measurement uncertainties

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

Income statement 1 January - 31 December

	Note	Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Revenue	1	**693,394**	**373,144**	**18,924**	**4,453**
Other operating income		50,382	12,577	94	0
Raw materials and consumables		-423,620	-186,008	0	0
Other external expenses		-100,448	-116,032	-10,464	-11,561
Gross profit		**219,708**	**83,681**	**8,554**	**-7,108**
Staff costs	2	-134,039	-74,428	-20,659	-4,278
Profit/loss before amortisation/depreciation and impairment losses		**85,669**	**9,253**	**-12,105**	**-11,386**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	3	-130,736	-67,096	0	0
Other operating costs	4	-11,126	0	0	0
Profit/loss before net financials		**-56,193**	**-57,843**	**-12,105**	**-11,386**
Income from investments in subsidiaries		0	0	-39,945	180,227
Income from investments in associates		-1,670	1,773	0	0
Financial income	5	4,579	461	8	0
Financial costs	6	-33,176	-47,914	-239	-155
Profit/loss before tax		**-86,460**	**-103,523**	**-52,281**	**168,686**
Tax on profit/loss for the year	8	27,183	13,812	0	0
Profit/loss from continuing operations		**-59,277**	**-89,711**	**-52,281**	**168,686**
Profit/loss for the year, discontinuing operations	7	0	260,436	0	0
Profit/loss for the year		**-59,277**	**170,725**	**-52,281**	**168,686**

Distribution of profit 9

Balance sheet 31 December

	Note	Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Assets					
Completed development projects		0	159	0	0
Acquired patents, licenses and other rights		53,940	49,122	0	0
Goodwill		94,584	79,425	0	0
Development projects in progress		4,112	3,293	0	0
Intangible assets	10	**152,636**	**131,999**	**0**	**0**
Land and buildings		334,574	270,530	0	0
Plant and machinery		860,574	603,595	0	0
Other fixtures and fittings, tools and equipment		29,343	22,519	0	0
Property, plant and equipment in progress		395,343	263,348	0	0
Tangible assets	11	**1,619,834**	**1,159,992**	**0**	**0**
Investments in subsidiaries	12	0	0	921,181	688,729
Investments in associates	13	29,010	11,129	0	0
Receivables from associates	14	0	8,000	0	0
Other fixed asset investments	14	16,190	16,100	0	0
Other receivables	14	30,082	30,952	0	0
Fixed asset investments		**75,282**	**66,181**	**921,181**	**688,729**
Total non-current assets		**1,847,752**	**1,358,172**	**921,181**	**688,729**

Balance sheet 31 December (continued)

	Note	Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Assets					
Raw materials and consumables		14,669	8,702	0	0
Stocks		**14,669**	**8,702**	**0**	**0**
Trade receivables		117,324	108,197	0	0
Contract work in progress	15	0	8,908	0	0
Receivables from subsidiaries		0	0	540	1,869
Receivables from associates		32,050	11,550	0	0
Other receivables		47,588	41,694	2	0
Deferred tax asset	17	44,711	28,684	0	0
Prepayments	16	3,373	11,239	0	0
Receivables		**245,046**	**210,272**	**542**	**1,869**
Cash at bank and in hand		**118,874**	**125,158**	**4,778**	**9,461**
Total current assets		**378,589**	**344,132**	**5,320**	**11,330**
Total assets		**2,226,341**	**1,702,304**	**926,501**	**700,059**

Balance sheet 31 December

	Note	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
		TDKK	TDKK	TDKK	TDKK
Equity and liabilities					
Reserve for net revaluation under the equity method		0	0	129,181	194,329
Retained earnings		918,232	698,116	789,051	503,787
Non-controlling interests		55,872	52,520	0	0
Equity		**974,104**	**750,636**	**918,232**	**698,116**
Other provisions	18	6,414	10,112	0	0
Total provisions		**6,414**	**10,112**	**0**	**0**
Other credit institutions		836,997	589,813	0	0
Other payables		16,479	9,909	820	0
Total non-current liabilities	19	**853,476**	**599,722**	**820**	**0**
Other credit institutions	19	42,319	49,697	0	0
Trade payables		194,528	97,189	199	414
Prepayments received recognised in debt	15	0	26,261	0	0
Payables to subsidiaries		0	0	675	0
Other payables	19	75,475	83,660	6,575	1,529
Deferred income	20	80,025	85,027	0	0
Total current liabilities		**392,347**	**341,834**	**7,449**	**1,943**
Total liabilities		**1,245,823**	**941,556**	**8,269**	**1,943**
Total equity and liabilities		**2,226,341**	**1,702,304**	**926,501**	**700,059**

Significant events occuring after end of reporting period	21
Rent and lease liabilities	22
Contingent liabilities	23
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Statement of changes in equity

Group

	Share premium account	Retained earnings	Non-controlling interests	Total
Equity at 1 January 2019	0	698,116	52,520	750,636
Exchange adjustments	0	0	111	111
Cash capital increase	297,600	0	849	298,449
Other equity movements	0	-25,203	0	-25,203
Transfers, reserves	0	0	9,382	9,382
Net profit/loss for the year	0	-52,281	-6,990	-59,271
Transfer from share premium account	-297,600	297,600	0	0
Equity at 31 December 2019	**0**	**918,232**	**55,872**	**974,104**

Parent Company

	Share premium account	Reserve for net revaluation under the equity method	Retained earnings	Total
Equity at 1 January 2019	0	194,329	503,787	698,116
Cash capital increase	297,600	0	0	297,600
Other equity movements	0	-25,203	0	-25,203
Net profit/loss for the year	0	-39,945	-12,336	-52,281
Transfer from share premium account	-297,600	0	297,600	0
Equity at 31 December 2019	**0**	**129,181**	**789,051**	**918,232**

Cash flow statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		-59,277	170,725
Adjustments	27	117,793	-193,040
Change in working capital	28	-20,883	-8,686
Cash flows from operating activities before financial income and expenses		**37,633**	**-31,001**
Interest income and similar income		4,579	461
Interest expenses and similar charges		-33,175	-47,914
Cash flows from ordinary activities		**9,037**	**-78,454**
Corporation tax paid		-629	-4,525
Cash flows from operating activities		**8,408**	**-82,979**
Purchase of intangible assets		-37,420	-105,062
Purchase of property, plant and equipment		-445,401	-392,862
Fixed asset investments made etc		-17,101	-42,116
Sale of fixed asset investments etc		5,000	0
Business acquisition		-74,987	-115,134
Business sale		0	285,447
Cash flows from investing activities		**-569,909**	**-369,727**
Repayment of payables to associates		8,000	-8,000
Raising of loans from credit institutions		239,806	68,277
Raising of other long-term debt		6,570	1,097
Minority interests		3,241	1,162
Cash capital increase		297,600	515,328
Cash flows from financing activities		**555,217**	**577,864**
Change in cash and cash equivalents		**-6,284**	**125,158**
Cash and cash equivalents		125,158	0
Cash and cash equivalents		**118,874**	**125,158**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		118,874	125,158
Cash and cash equivalents		**118,874**	**125,158**

Notes

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
1	**Revenue**				
	Sales of Biogas	578,053	317,326	0	0
	Sales of CNG	38,167	14,834	0	0
	Sales Construction	53,301	14,673	0	0
	Other sales	23,873	26,311	18,924	4,453
	Total revenue	**693,394**	**373,144**	**18,924**	**4,453**

2	**Staff costs**				
	Wages and salaries	132,447	67,829	19,067	3,631
	Pensions	1,382	4,926	1,382	614
	Other social security costs	210	1,673	210	33
		134,039	**74,428**	**20,659**	**4,278**
	Remuneration of the Executive Board and Board of Directors	**4,937**	**10,709**	**0**	**0**
	Average number of employees	228	181	21	2

With reference to the Danish Financial Statement Act 98b section 3, as the Executive board in the Parent Company only consisted of one member during 2019, the remuneration has not been disclosed. In the Parent Company no remuneration has been paid to the Board of Directors in 2019.

Notes

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
3	**Depreciation, amortisation and impairment of intangible assets and property, plant and equipment**				
	Depreciation intangible assets	22,719	7,838	0	0
	Depreciation tangible assets	108,017	59,406	0	0
	Gain/loss on disposal	0	-148	0	0
		130,736	**67,096**	**0**	**0**

4	**Special items**				
	Income, negative goodwill				
	Recognition of negative goodwill	33,768	0	0	0
		33,768	**0**	**0**	**0**

5	**Financial income**				
	Interest received from subsidiaries	0	0	8	0
	Other financial income	4,579	461	0	0
		4,579	**461**	**8**	**0**

6	**Financial costs**				
	Financial expenses, group entities	0	0	129	0
	Other financial costs	33,176	47,914	110	155
		33,176	**47,914**	**239**	**155**

Notes

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
7	**Profit/loss for the year, discontinuing operations**				
	Revenue	0	189,894	0	0
	Other operating income	0	261,538	0	0
	Raw materials and consumables	0	-163,821	0	0
	Staff costs	0	-17,602	0	0
	Other external expenses	0	-1,348	0	0
	Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	0	-2,306	0	0
	Financial costs	0	-15	0	0
	Tax on profit/loss for the year	0	-5,904	0	0
	Profit/loss for the year, discontinuing operations	**0**	**260,436**	**0**	**0**

		Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
8	**Tax on profit/loss for the year**				
	Current tax for the year	0	2,312	0	0
	Deferred tax for the year	-28,051	-12,029	0	0
	Adjustment of tax concerning previous years	-11,157	0	0	0
	Adjustment of deferred tax concerning previous years	12,025	9	0	0
		-27,183	**-9,708**	**0**	**0**
	which breaks down as follows				
	Tax on profit/loss for the year	-27,183	-13,812	0	0
	Tax on changes in equity	0	4,104	0	0
		-27,183	**-9,708**	**0**	**0**

Notes

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
9	**Distribution of profit**				
	Reserve for net revaluation under the equity method	0	0	-39,945	180,227
	Retained earnings	-52,281	168,686	-12,336	-11,541
		-52,281	168,686	-52,281	168,686
	Non-controlling interests	-6,996	2,039	0	0
		-59,277	**170,725**	**-52,281**	**168,686**

Notes

10 Intangible assets

Group

	Completed development projects	Acquired patents, licenses and other rights	Goodwill	Development projects in progress	Total
Cost at 1 January 2019	2,695	71,143	82,770	3,293	159,901
Net effect from merger and acquisition	0	31,123	0	0	31,123
Additions for the year	0	13,200	24,874	5,222	43,296
Disposals for the year	0	0	0	-35	-35
Transfers for the year	0	4,368	0	-4,368	0
Cost at 31 December 2019	2,695	119,834	107,644	4,112	234,285
Impairment losses and amortisation at 1 January 2019	2,536	22,021	3,345	0	27,902
Net effect from merger and acquisition	0	31,028	0	0	31,028
Amortisation for the year	159	12,845	9,715	0	22,719
Impairment losses and amortisation at 31 December 2019	2,695	65,894	13,060	0	81,649
Carrying amount at 31 December 2019	**0**	**53,940**	**94,584**	**4,112**	**152,636**

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.

Development projects relate to the development and testing of equipment for ammonia scrubber/washer system. The projects are expected to be completed in 2020 and 2021. The projects are progressing according to plan through the use of the resources allocated by Management to the development. The products are expected to be sold in the present market to the Company's existing customers, but also to new customers. Development projects are amortised over 5 years, which is the estimated useful life.

Notes

11 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 2019	300,451	759,287	27,701	263,348	1,350,787
Net effect from merger and acquisition	9,460	84,920	30,024	0	124,404
Additions for the year	2,448	2,192	3,487	503,703	511,830
Disposals for the year	0	0	0	-10,724	-10,724
Transfers for the year	73,034	287,084	866	-360,984	0
Cost at 31 December 2019	385,393	1,133,483	62,078	395,343	1,976,297
Revaluations at 1 January 2019	0	8,667	0	0	8,667
Revaluations at 31 December 2019	0	8,667	0	0	8,667
Impairment losses and depreciation at 1 January 2019	29,921	164,359	5,182	0	199,462
Depreciation for the year	16,981	85,804	5,232	0	108,017
Net effect from merger and acquisition	3,917	31,853	21,881	0	57,651
Transfers for the year	0	-440	440	0	0
Impairment losses and depreciation at 31 December 2019	50,819	281,576	32,735	0	365,130
Carrying amount at 31 December 2019	**334,574**	**860,574**	**29,343**	**395,343**	**1,619,834**
Revaluation less amortisation, depreciation and impairment losses	0	5,389	0	0	
Interest expenses recognised as part of cost of assets	0	0	0	0	22,925

Notes

		Parent Company	
		2019	2018
		TDKK	TDKK
12	**Investments in subsidiaries**		
	Cost at 1 January 2019	494,400	0
	Additions for the year	297,600	509,291
	Disposals for the year	0	-14,891
	Cost at 31 December 2019	792,000	494,400
	Revaluations at 1 January 2019	194,329	0
	Net profit/loss for the year	-39,945	180,227
	Other equity movements, net	-25,203	14,102
	Revaluations at 31 December 2019	129,181	194,329
	Carrying amount at 31 December 2019	**921,181**	**688,729**

Notes

Group
Investments in subsidiaries are specified as follows:

Name	Registered office	Vote and 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	83%
Nature Energy Holsted A/S	Odense	71%
Nature Energy Midtfyn A/S	Odense	92%
Nature Energy Nordfyn A/S	Odense	88%
Nature Energy Sønderborg A/S	Odense	100%
Nature Energy Trekanten A/S	Odense	51%
Nature Energy Holbæk ApS	Odense	100%
Bionaturgas 9 ApS	Odense	100%
Nature Energy Køng ApS	Odense	100%
Nature Energy Gastankstationer ApS	Odense	100%
Nature Energy Videbæk A/S	Odense	100%
Nature Energy Green Gas Sales A/S	Odense	100%
Nature Energy Green Transport A/S	Odense	100%
Hemmet Bioenergi ApS	Odense	100%
Sdr. Vium Bioenergi ApS	Odense	100%
Nature Energy Støvring A/S	Støvring	100%
Nature Energy Kværs ApS	Odense	100%
Nature Energy 1 ApS	Odense	100%
Nature Energy 2 ApS	Odense	100%
Nature Energy 3 ApS	Odense	100%
Nature Energy 4 ApS	Odense	100%
Nature Energy Bånlev A/S	Odense	90%
Nature Energy Bånlev Transport A/S	Odense	90%
NGF Nature Energy Biogas A/S	Odense	100%
NGF Denmark Holding A/S	Odense	98%
Byosis Group B.V	Holland	38%
Xergi SAS	France	100%
Xergi Ltd	England	100%
Xergi Biogas GmbH	Germany	100%

Notes

		Group		Parent Company	
		2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
13	**Investments in associates**				
	Cost at 1 January 2019	12,102	0	0	0
	Net effect from merger and acquisition	0	11,949	0	0
	Additions for the year	19,551	153	0	0
	Cost at 31 December 2019	31,653	12,102	0	0
	Revaluations at 1 January 2019	-973	0	0	0
	Net effect from merger and acquisition	0	-2,919	0	0
	Net profit/loss for the year	-1,670	1,773	0	0
	Other equity movements, net	0	173	0	0
	Revaluations at 31 December 2019	-2,643	-973	0	0
	Carrying amount at 31 December 2019	**29,010**	**11,129**	**0**	**0**

Group
Investments in associates are specified as follows:

Name	Registered office	Ownership interest
Nature Energy Månsson A/S	Odense	49%
Nordliq A/S	Randers	33%

Notes

14 Fixed asset investments

Group

	Receivables from associates	Other fixed asset investments	Other receiv-ables
Cost at 1 January 2019	8,000	16,190	30,082
Disposals for the year	-8,000	0	0
Cost at 31 December 2019	0	16,190	30,082
Carrying amount at 31 December 2019	**0**	**16,190**	**30,082**

Receivables from associated companies consist of the subordinated loan. The loan is repayed in 2019.

Other fixed assets investments consist of the investements in entities.

Other receivables of kDKK 2,172 is due within 1 year.

	Group		**Parent Company**	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
15 Contract work in progress				
Work in progress, selling price	0	-439,413	0	0
Work in progress, payments received on account	0	456,766	0	0
	0	**17,353**	**0**	**0**
Recognised in the balance sheet as follows:				
Contract work in progress under assets	0	8,908	0	0
Prepayments received under liabilities	0	-26,261	0	0
	0	**-17,353**	**0**	**0**

16 Prepayments

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

Notes

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
17 Provision for deferred tax				
Intangible assets	2,846	3,170	0	0
Tangible assets	35,058	52,207	0	0
Borrowing costs	45	-132	0	0
Accounting provisions and accruals	-17,011	-18,926	0	0
Tax loss carry-forward	-65,649	-65,003	0	0
Transferred to deferred tax asset	44,711	28,684	0	0
	0	**0**	**0**	**0**
Deferred tax asset				
Deferred tax asset	44,711	28,684	0	0
Balance at 31 December 2019	**44,711**	**28,684**	**0**	**0**

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

	Group 2019	Group 2018	Parent Company 2019	Parent Company 2018
18 Other provisions				
Balance at beginning of year at 1 January 2019	10,112	4,961	0	0
Exchange adjustment	372	-113	0	0
Provision in year	2,720	13,611	0	0
Applied in the year	-6,790	-8,347	0	0
Balance at 31 December 2019	**6,414**	**10,112**	**0**	**0**
The expected due dates of other provisions are:				
Within one year	6,414	10,112	0	0
	6,414	**10,112**	**0**	**0**

Notes

19 Long term debt

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Other credit institutions				
After 5 years	576,289	409,843	0	0
Between 1 and 5 years	260,708	179,970	0	0
Non-current portion	836,997	589,813	0	0
Within 1 year	41,246	26,590	0	0
Other short-term debt to credit institutions	1,073	23,107	0	0
Current portion	42,319	49,697	0	0
	879,316	**639,510**	**0**	**0**
Other payables				
After 5 years	6,724	3,675	0	0
Between 1 and 5 years	9,755	6,234	820	0
Non-current portion	16,479	9,909	820	0
Within 1 year	2,131	36,401	0	0
Other short-term other debt	73,344	47,259	6,575	1,529
Current portion	75,475	83,660	6,575	1,529
	91,954	**93,569**	**7,395**	**1,529**

20 Deferred income

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

Notes

21 Significant events occuring after end of reporting period

The consequences of Covid-19, in which many governments around the world have decided to "shut down the countries", are of great importance to the world economy. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date (December 31, 2019) and therefore constitutes a non-regulatory event for the company.

In general, Nature Energy is not significantly affected by the limitations that COVID-19 has brought.

All sales are unaffected. This applies to selling gas at market prices, receiving subsides, and selling certificates.

Nature Energy continuously buys industrial biomass in different markets, and continuously optimizes the composition of the industrial biomass depending on price development, availability and specific opportunities.

Purchasing of gas and certificates is not affected by the situation.

Some components of the construction projects are delayed (primarily from China and Germany), but so far this does not give rise to overall delays in the construction projects.

Nature Energy follows the development closely - both in society and internally within the company - and acts accordingly, but has an expectation that operations can continue unaffected throughout the course.

22 Rent and lease liabilities

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Rent and lease liabilities for group entities. Total future lease payments:				
Within 1 year	7,633	9,646	0	0
Between 1 and 5 years	17,809	20,866	0	0
After 5 years	3,375	3,991	0	0
	28,817	**34,503**	**0**	**0**

23 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 contracts for TDKK 1,900 for a 2 year period.

The Group has pledged bank account, TDKK 14,762, for collateral for bank balances in subsidiaries; Nature Energy Midtfyn A/S, Nature Energy Holsted A/S, Nature Energy Vaarst A/S, Nature Energy Korskro A/S, Nature Energy Videbæk A/S, Nature Energy Nordfyn A/S og Nature Energy Green Gas Sales A/S.

Notes

23 Contingent liabilities (continued)

The Group has pledged bank account, TDKK 5,734, for payment guarantee in subsidiary Nature Energy Videbæk A/S.

The Group guarantees obligations in the subsidiaries Bionaturgas 9 ApS, Nature Energy 1 ApS, Nature Energy 2 ApS, Nature Energy 3 ApS and Nature Energy 4 ApS until the companies have submitted annual reports for a subsequent financial year in accordance with section 6 of the Danish Financial Statements Act §6.

The Group has provided a guarantee of TDKK 2,930 to third parties as collateral of subsidiaries' payments.

The Group is jointly and severally liable to third parties for the subsidiaries' leasing agreements with residual value of TDKK 26,641.

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

The Group has entered payment guarantees to third parties of TDKK 9,749 for Nature Energy Støvring, Xergi SAS and Xergi Ltd.

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, 2019, TDKK 71,274.

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
24 Mortgages and collateral				
The following assets have been put up as security for debt to mortgage credit institutions:				
Land and buildings	299,306	233,461	-	-
Plant and machinery	820,340	552,797	-	-
	1,119,646	**786,258**	**-**	**-**
The following assets have been put up as security for the group's floating charge:				
Plant, machinery, land and buildings	11,696	12,271	-	-
Stocks	-	445	-	-
Trade receivables	1,754	3,274	-	-
	13,450	**15,990**	**-**	**-**

Notes

25 Related parties and ownership structure

There are no companies with controlling interest.

All related party transactions are made on market terms.

	Group		Parent Company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
26 Fee to auditors appointed at the general meeting				
PricewaterhouseCoopers:				
Audit fee	475	325	30	20
Tax advisory services	545	201	263	0
Non-audit services	732	606	30	0
	1,752	1,132	323	20
BDO:				
Audit fee	50	0	0	0
Tax advisory services	50	0	0	0
Non-audit services	175	0	0	0
	275	0	0	0
	2,027	**1,132**	**323**	**20**

Notes

		Group	
		2019	2018
		TDKK	TDKK
27	**Cash flow statement - adjustments**		
	Financial income	-4,579	-461
	Financial costs	33,176	47,914
	Depreciation, amortisation and impairment losses	130,736	67,096
	Income from investments in associates	1,670	-1,773
	Tax on profit/loss for the year	-27,183	-13,812
	Other adjustments	-16,027	-292,004
		117,793	**-193,040**

		Group	
		2019	2018
28	**Cash flow statement - change in working capital**		
	Change in inventories	-5,967	1,414
	Change in receivables	-118,767	118,108
	Change in trade payables, etc.	103,851	-109,553
	Fair value adjustments recognised in equity	0	-18,655
		-20,883	**-8,686**

Accounting policies

The annual report of NGF Partnership K/S for 2019 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 2019 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 attribut-able 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.

Developments 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

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Interest expenses on loans raised directly for financing the construction of property, plant and equip-ment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

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

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

Land and buildings	20	years
Produktionsanlæg og maskiner	3-10	years
Andre anlæg, driftsmateriel og inventar	3	years

Depreciation period and residual value are reassessed annually.

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

All 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 recognised and measured under 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 subsi-diaries and the associates.

Subsidiaries and associates with a negative net asset value are recognised at DKK 0. Any legal or con-structive 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.

Stocks

Stocks 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 reali-sable 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.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

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 income tax is measured using the balance sheet liability method in respect of temporary dif-ferences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respec-tively.

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 le-gislation 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.

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.

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.

Accounting policies

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	$\frac{\text{Gross profit x 100}}{\text{Revenue}}$
EBIT margin	$\frac{\text{Profit/loss before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit/loss before financials x 100}}{\text{Average assets}}$
Solvency ratio	$\frac{\text{Equity at year-end x 100}}{\text{Total assets at year-end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
Return on equity, continuing operations	$\frac{\text{Net profit for the year, continuing operations x 100}}{\text{Average equity}}$