Lind Invest II ApS

Værkmestergade 25, 14., DK-8000 Aarhus C

Annual Report for 11 October - 31 December 2019

CVR No 40 96 72 22

The Annual Report was presented and adopted at the Annual General Meeting of the Company on 22/4 2020

Henrik Lind
Chairman of the General Meeting

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Contents

Management’s Statement

The Executive Board has today considered and adopted the Annual Report of Lind Invest II ApS for the financial year 11 October - 31 December 2019.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In my opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2019 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2019.

In my opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

I recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus, 22 April 2020

Executive Board

Henrik Lind

Independent Auditor's Report

To the Shareholder of Lind Invest II ApS

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 and of consolidated cash flows for the financial year 11 October - 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 Lind Invest II ApS for the financial year 11 October - 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 ("the 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 Financial Statements" 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.

Statement on Management's Review
Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the Financial Statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management's Review provides the information required under the Danish Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the 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 in Management's Review.

Independent Auditor's Report

Management's responsibilities for 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 financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's and the Group's internal control.

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

- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Aarhus, 22 April 2020
PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Henrik Kragh	Rune Kjeldsen
statsautoriseret revisor	statsautoriseret revisor
mne26783	mne34160

Company Information

The Company	Lind Invest II ApS Værkmestergade 25, 14. DK-8000 Aarhus C CVR No: 40 96 72 22 Financial period: 11 October - 31 December Municipality of reg. office: Aarhus
Executive Board	Henrik Lind
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Nobelparken Jens Chr. Skous Vej 1 DK-8000 Aarhus C

Financial Highlights

Seen over a five-year period, the development of the Group is described by the following financial highlights:

	Group				
	2019	2018	2017	2016	2015
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	151,318	159,942	40,809,095	21,305,842	21,967,325
Gross profit/loss	2,933,821	56,339	728,192	561,123	558,780
Operating profit/loss	2,880,370	-4,887	383,965	319,931	217,995
Net financials	475,758	-69,999	422,447	255,556	233,819
Profit/loss from discontinuing activities	41,136	404,450	0	0	0
Net profit/loss for the year	3,132,176	344,162	611,540	374,481	416,753
Balance sheet					
Fixed assets	1,838,408	2,201,612	2,110,054	1,810,529	1,539,443
Non-fixed assets	4,364,825	3,924,469	3,703,032	3,434,741	3,096,579
Balance sheet total	6,203,233	6,126,081	5,813,086	5,245,270	4,636,022
Share capital	2,200	2,220	2,220	2,220	2,220
Minority interests	60,484	79,325	128,127	107,548	127,191
Equity	5,519,807	2,906,631	2,663,800	2,071,887	1,678,079
Provisions	0	0	9,395	1,039	7,580
Non-current liabilities other than provisions	97,623	0	320,293	474,384	671,998
Current liabilities other than provisions	622,943	3,145,117	2,691,471	2,590,412	2,151,174
Cash flows					
Cash flows from:					
- operating activities	-16,527	193,386	609,141	324,416	444,182
- investing activities	2,050,774	-247,547	110,802	-184,468	1,114,833
including investment in property, plant and equipment	0	-8,547	-1,699	-5,771	-4,424
- financing activities	-1,183,134	-105,991	-585,259	-312,008	-750,666
Change in cash and cash equivalents for the year	851,113	-160,152	134,684	-172,060	808,349
Number of employees	60	62	318	325	340
Ratios					
Solvency ratio	89.0%	48.7%	48.0%	39.5%	36.2%
Return on equity	74.3%	12.3%	25.8%	19.9%	28.4%

Financial Highlights

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

The company is established by a demerger as per 11 Ocotober 2019 where the accounting principle uniting of interests is used and hence the group financial statements includes comparative figures. Refer to Accounting policy.

Management's Review

Key activities

Lind Invest II ApS's key activities is to owe 100% of the shares in Lind Invest ApS.

For a further description of the activities in the subsidiaries please refer to the Management's Review in their Annual Reports.

Development in the year

2019 was an eventful year for Lind Invest, driven by the sale of Danske Commodities to Equinor. The deal was closed in the first month of 2019 and had a significant effect on the company's cash position. Moreover, the divestment of Skjern Bank and Arkil later in 2019 marks a shift in our strategy of going from relatively small illiquid investments to larger and more liquid stakes.

Due to the divestment of Danske Commodities, our investment portfolio grew massively – from DKK 3.4 billion at the start of 2019 to DKK 6.1 billion at end of the year. Lind Invest recorded profit after tax of DKK 3.1 billion in 2019, which is considered satisfactory. The performance was driven by the sale of Danske Commodities, which accounted for 86% of the profit, while 14% derived from returns on investment activities.

In relative terms, we underperformed our investment benchmarks, primarily driven by the fact that we began the year by receiving the proceeds from the sale of Danske Commodities.

As a consequence of this divestment along with the sale of our positions in both Skjern Bank and Arkil, it was a challenge for us to identify investment opportunities within the criteria of our investment strategy in order to place this large amount of cash in new investments.

As a result, we faced the difficult luxury problem in 2019 of having to rebuild our investment portfolio in accordance with our investment strategy. As a result, we now have a portfolio consisting of fewer but more liquid investments and focused on the Nordics in a combination with external mandates.

As a consequence of the adjustment to our strategy, Lind Invest also made changes to the organisational setup. The organisation is now less complex and consists of fewer layers in order to achieve leverage and even quicker decisions in our investment processes and actions, but still with clear governance and diligence in our decision making.

As an independent investor, we have always taken a long-term and fundamental approach. In that context, Lind Invest made in 2019 a significant investment in the investor led company Nordic Investment Opportunities (NIO). As NIO invests and provides access to the best in class alternative investment funds, we see this as good long-term investment that we expect to create superior risk-adjusted returns over timer.

Management's Review

With the transformed strategy in place and based on our financial strength and our people, we are ready and poised to seize opportunities as they arise. I wish to thank all of our employees for their contribution and efforts in 2019.

Social responsibility

Our strong support for social projects and organisations remains unchanged and we have continued our approach of working in close partnership with the projects we support as well as accounting for the impact they create for the people and the society involved.

We increased the donations to the projects we support by 14% in 2019, bringing the total amount for the year to DKK 2,088,941. The increase was based on the decision to continue our support of the Centre for Social Rethinking (Center for Social Nytænkning) and their study on the effect of employment efforts for the long-term jobless in Denmark.

We have widened our scope on the status of socially vulnerable/homeless people in Denmark, their living conditions and ways to help them improve their wellbeing.

In 2020, we will continue to support projects with high social returns on investment (SROI) and continue to look into how we can rethink solutions to social challenges and work to achieve a better outcome.

Outlook 2020

Looking ahead from an investment perspective, we expect more volatility in our financial results, as Lind Invest's current portfolio contains a much greater proportion of investments in the financial markets than was previously the case.

Previously, Lind Invest had steady and strong financial performance and cash flows driven by the performance of Danske Commodities. As a result of the divestment of Danske Commodities, the driver of our financial results will now be the performance of and returns on our investments.

We aim to apply our investment philosophy, strategy, our people and financial strength to seize opportunities as they arise in 2020 and it is our firm belief that as a team we will be able to both capture and capitalise on these opportunities by creating long-term superior results.

Management's Review

Covid-19

With many governments the world over having decided to place their countries in lockdown, the COVID-19 pandemic will have severe consequences for the global economy, and in the period ahead of the release of this annual report, it has had a major impact on the financial markets in which the Lind Invest Group is an active investor. Management considers the COVID-19 pandemic to be an event occurring after the balance sheet date and therefore a non-adjusting event for the Group.

The Group has felt a negative impact from the effects of the COVID-19 pandemic so far, as several equity markets have experienced historic losses. Management monitors developments closely, but it is still too early to tell how COVID-19 will affect earnings for 2020. Naturally, management will attempt to recoup the lost earnings later in the year.

Risk Management

Risk management is an important aspect of the business we run at Lind Invest. We take a proactive approach to risk management by focusing on mitigating downside risk and avoiding permanent loss of capital.

In an investment context, our best risk management tool is having in-depth knowledge about the companies we own and how they operate in different market environments.

Therefore, we need to have a detailed understanding of the very nature of the business model and to evaluate the management, capital structure, market environment and governance of each of our investments. This in order to make the correct risk assessment and to proactively execute on our risk mitigation plan if needed. This applies to all our investments.

Another tool is alignment of interests. To us, alignment of interests is about sharing both the upside and the downside when entering into a partnership with other stakeholders – whether for business or social purposes.

In a corporate setting, the alignment is all about linking the owners' overall objective of the company to the stakeholders' objective of it, including the employees, in both the short and long term.

In a social context, the alignment must ensure that all members of a community or partnership share the same consequences when they succeed or fail. What is good for the group is good for the individual member and vice versa.

The combination of having a detailed understanding of our portfolio and a strong focus on an alignment of interests is a key driver of risk management at Lind Invest.

Management's Review

Statutory statement of corporate social responsibility, cf section 99 a of the Danish Financial Statements Act

The Group has a CSR policy for the Lind Invest ApS Group, on which the statement for Lind Invest II is based on. The CSR policy for the Lind Invest ApS Group is restated below.

Lind Invest is a single-family office, founded and owned by Henrik Lind and based in Aarhus, Denmark. We own and invest in listed and unlisted companies, and the common objective to all our activities is to develop companies to be among the most successful in their fields.

The Group's risk of affecting the environment and the climate, employee relations and social conditions, human rights and anti-corruption is assessed to be limited. The risk assessment has been carried out in such a way that selected topics are analysed for their potential risk. In this context, risk is a product of the topic's proportional role in the daily activities, and the probable negative impact the topic may have. To the extent that risks have been identified in the individual areas, they are reported with the relevant policies.

Based on the business model and the fact that the company's most important activities take place in Denmark and that the company is not involved in the day-to-day operations of the invested companies, the company has assessed that the risk of negative impact on the environment and climate, employee conditions, human rights and corruption is not present to a degree that necessitates policies.

Statutory statement on gender representation in Management, cf section 99 b of the Danish Financial Statements Act

In its account of gender composition, the Group has chosen to only account for the entities in the Group that, due to their size, are obliged to set target figures for the Board of Directors. This report thus only covers Lind Invest ApS and Lind Invest II ApS

There is no policy for the top management level, as the entities employ fewer than 50 people.

Lind Invest II ApS's Executive Management consists solely of the parent company's main shareholder, Henrik Lind. The entity has no objective to change this, and therefore, with reference to the Danish Business Authority's latest guidance in this area, there is an equal gender distribution in the executive management.

Information on the Lind Invest ApS Group's policy on the
underrepresented gender in management, actions taken and the results achieved in 2019 is available on the Lind Invest website: https://lind-invest.dk/wp-content/uploads/2020/01/Diversification-inmanagement-in-the-Lind-Invest-group-2019.pdf

Income Statement
11 October - 31 December 2019

	Note	Group 2019 TDKK	Group 2018 TDKK	Parent company 2019 TDKK	Parent company 2018 TDKK
Revenue	2	**151,318**	**159,942**	**0**	**0**
Other operating income		2,880,983	0	0	0
Cost of sales		-65,767	-70,240	0	0
Other external expenses		-32,713	-33,363	-44	0
Gross profit/loss		**2,933,821**	**56,339**	**-44**	**0**
Staff expenses	3	-47,190	-41,824	0	0
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-6,261	-19,402	0	0
Profit/loss before financial income and expenses	1	**2,880,370**	**-4,887**	**-44**	**0**
Income from investments in associates		7,551	-5,775	0	0
Financial income	4	591,850	151,278	0	0
Financial expenses	5	-123,643	-215,502	0	0
Profit/loss before tax		**3,356,128**	**-74,886**	**-44**	**0**
Tax on profit/loss for the year	6	-44,764	26,805	10	0
Profit/loss from continuing activities		**3,311,364**	**-48,081**	**-34**	**0**
Profit/loss from discontinuing activities	7	41,136	404,450	0	0
Net profit/loss for the year		**3,352,500**	**356,369**	**-34**	**0**

Balance Sheet 31 December 2019

Assets

		Group		Parent company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
CO2 quota		0	0	0	0
Software		0	0	0	0
Goodwill		0	9,977	0	0
Intangible assets	8	**0**	**9,977**	**0**	**0**
Land and buildings		0	5,404	0	0
Other fixtures and fittings, tools and equipment		196	23,435	0	0
Leasehold improvements		0	0	0	0
Property, plant and equipment	9	**196**	**28,839**	**0**	**0**
Investments in subsidiaries	10	0	0	2,387,630	0
Investments in associates	11	10,591	57,577	0	0
Other securities and investments	12	1,827,621	2,105,219	0	0
Fixed asset investments		**1,838,212**	**2,162,796**	**2,387,630**	**0**
Fixed assets		**1,838,408**	**2,201,612**	**2,387,630**	**0**

Balance Sheet 31 December 2019

Assets

		Group		Parent company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Trade receivables		0	15,982	0	0
Receivables from associates		12,467	12,979	0	0
Other receivables		626,136	137,173	0	0
Deferred tax asset	17	248	520	0	0
Corporation tax		10	38,906	10	0
Deferred income	15	233	544	0	0
Receivables		**639,094**	**206,104**	**10**	**0**
Securities and investments		**2,301,688**	**868,474**	**0**	**0**
Cash at bank and in hand		**1,424,043**	**140,328**	**0**	**0**
Assets relating to discontinued activities	7	**0**	**2,709,563**	**0**	**0**
Currents assets		**4,364,825**	**3,924,469**	**10**	**0**
Assets		**6,203,233**	**6,126,081**	**2,387,640**	**0**

Balance Sheet 31 December 2019

Liabilities and equity

		Group		Parent company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Share capital		2,220	2,220	2,220	0
Retained earnings		5,517,587	2,874,411	2,385,376	0
Proposed dividend for the year		0	30,000	0	0
Equity attributable to shareholders of the Parent Company		**5,519,807**	**2,906,631**	**2,387,596**	**0**
Minority interests		60,484	79,325	0	0
Equity	16	**5,580,291**	**2,985,956**	**2,387,596**	**0**
Other payables		97,623	0	0	0
Long-term debt	18	**97,623**	**0**	**0**	**0**

Balance Sheet 31 December 2019

Liabilities and equity

		Group		Parent company	
	Note	2019	2018	2019	2018
		TDKK	TDKK	TDKK	TDKK
Mortgage loans		0	878	0	0
Credit institutions		253,238	598,724	0	0
Trade payables		282	22,195	0	0
Corporation tax		32,889	6,951	0	0
Other payables	18	238,910	330,586	44	0
Liabilities relating to discontinued activities	7	0	2,180,791	0	0
Short-term debt		**525,319**	**3,140,125**	**44**	**0**
Debt		**622,942**	**3,140,125**	**44**	**0**
Liabilities and equity		**6,203,233**	**6,126,081**	**2,387,640**	**0**

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Statement of Changes in Equity

Group

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	2,220	0	2,874,411	30,000	2,906,631	79,325	2,985,956
Additions for the year	0	0	0	0	0	9,334	9,334
Disposals for the year	0	0	0	0	0	-8,884	-8,884
Ordinary dividend paid	0	0	0	-30,000	-30,000	0	-30,000
Extraordinary dividend paid	0	0	-489,000	0	-489,000	-239,615	-728,615
Net profit/loss for the year	0	0	3,132,176	0	3,132,176	220,324	3,352,500
Equity at 31 December	**2,220**	**0**	**5,517,587**	**0**	**5,519,807**	**60,484**	**5,580,291**

Parent company

	Share capital	Share premium account	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK	TDKK
Non-cash contribution concerning formation of entity	2,220	2,385,410	0	0	2,387,630	0	2,387,630
Net profit/loss for the year	0	0	-34	0	-34	0	-34
Transfer from share premium account	0	-2,385,410	2,385,410	0	0	0	0
Equity at 31 December	**2,220**	**0**	**2,385,376**	**0**	**2,387,596**	**0**	**2,387,596**

Cash Flow Statement 1 January - 31 December

	Note	Group 2019	Group 2018
		TDKK	TDKK
Net profit/loss for the year		3,352,500	356,369
Adjustments	19	-3,338,310	86,674
Change in working capital	20	-488,037	-217,792
Cash flows from operating activities before financial income and expenses		**-473,847**	**225,251**
Financial income		461,661	274,166
Financial expenses		-133,437	-239,123
Cash flows from ordinary activities		**-145,623**	**260,294**
Corporation tax paid		20,342	-43,016
Cash flows from operating activities, discontinued activities		108,754	-23,892
Cash flows from operating activities		**-16,527**	**193,386**
Purchase of property, plant and equipment		0	-8,547
Purchase of financial assets		-2,035,589	-731,819
Sale of financial assets		1,022,169	492,372
Business sale		2,933,656	0
Dividends received from associates		44,416	11,173
Cash flows from investing activities, discontinued activities		86,122	-10,726
Cash flows from investing activities		**2,050,774**	**-247,547**
Repayment of mortgage loans		-878	-3,514
Repayment of loans from credit institutions		-423,371	0
Raising of loans from credit institutions		0	53,522
Minority interests		450	0
Dividend paid		-758,615	-154,743
Other adjustments		-720	-1,256
Cash flows from financing activities		**-1,183,134**	**-105,991**
Change in cash and cash equivalents		**851,113**	**-160,152**
Cash and cash equivalents at 1 January		319,692	479,844
Cash and cash equivalents at 31 December		**1,170,805**	**319,692**

Cash Flow Statement 1 January - 31 December

	Note	2019	2018
		TDKK	TDKK
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		1,424,043	495,045
Overdraft facility		-253,238	-175,353
Cash and cash equivalents at 31 December		**1,170,805**	**319,692**

Notes to the Financial Statements

		Group 2019	Group 2018
		TDKK	TDKK
1	**Special items**		
	Gain from the sale of subsidiaries	2,880,983	0
		2,880,983	**0**
2	**Revenue**		
	Business segments		
	Electricity trading	84,289	102,857
	Security trading	67,029	57,085
		151,318	**159,942**
3	**Staff expenses**		
	Wages and salaries	44,383	37,559
	Pensions	2,478	2,865
	Other staff costs	329	1,400
		47,190	**41,824**
	Average number of employees	**60**	**62**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Notes to the Financial Statements

	Group 2019	Group 2018
	TDKK	TDKK
4 Financial income		
Interest received from associates	100	140
Income from other investments, securities and receivables, that are noncurrent assets	225,465	91,831
Other financial income	366,285	59,307
	591,850	**151,278**
5 Financial expenses		
Other financial expenses	123,643	215,502
	123,643	**215,502**

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
6 Tax on profit/loss for the year				
Current tax for the year	57,191	-19,086	-10	0
Deferred tax for the year	272	99	0	0
Adjustment of tax concerning previous years	-12,699	-7,818	0	0
	44,764	**-26,805**	**-10**	**0**

Notes to the Financial Statements

	Group	
	2019	2018
	TDKK	TDKK

7 Discontinuing activities

At the end of January 2019 the Group entered into a sales agreement regarding the subsidiary Danske Commodities A/S. As a consequence, the activities relating to the subsidiary have been reclassified to discontinued activities with a separate presentation of the impact in income statement, balance sheet and cash flow statement for 2018 and 2019.

	2019 TDKK	2018 TDKK
Revenue	6,920,350	69,783,769
Expenses for raw materials and consumables	-6,832,307	-68,896,120
Other external expenses	-7,800	-86,295
Gross profit/loss	**80,243**	**801,354**
Staff expenses	-26,708	-261,408
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment	-2,374	-20,928
Profit/loss before financial income and expenses	**51,161**	**519,018**
Income from investments in associates	-254	-142
Financial income	11,607	22,062
Financial expenses	-9,793	-23,621
Profit/loss before tax	**52,721**	**517,317**
Tax on profit/loss for the year	-11,585	-112,867
Profit/loss from discontinuing activities	**41,136**	**404,450**
Intangible assets	0	69,032
Property, plant and equipment	0	5,153
Fixed asset investments	0	12,015
Fixed assets	**0**	**86,200**
Inventories	0	282,328
Receivables	0	1,840,533
Securities and investments	0	145,785
Cash at bank and in hand	0	354,717
Currents assets	**0**	**2,623,363**
Assets relating to discontinued activities	**0**	**2,709,563**

Notes to the Financial Statements

7 Discontinuing activities (continued)

	Group 2019	Group 2018
	TDKK	TDKK
Provisions	0	4,986
Debt	0	2,175,805
Liabilities relating to discontinued activities	**0**	**2,180,791**
Cash flows from operating activities	108,754	-23,892
Cash flows from investing activities	86,122	-10,726
Cash flows relating to discontinued activities	**194,876**	**-34,618**

	2019	2018
	TDKK	TDKK
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	0	8,587
Between 1 and 5 years	0	1,098
Total	**0**	**9,685**

Notes to the Financial Statements

8 Intangible assets

Group

	CO2 quota	Software	Goodwill	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	1,900	764	63,741	66,405
Disposals for the year	-1,900	0	-63,741	-65,641
Cost at 31 December	0	764	0	764
Impairment losses and amortisation at 1 January	1,900	764	53,764	56,428
Amortisation for the year	0	0	789	789
Reversal of amortisation of disposals for the year	-1,900	0	-54,553	-56,453
Impairment losses and amortisation at 31 December	0	764	0	764
Carrying amount at 31 December	**0**	**0**	**0**	**0**
Amortised over	5 years	3 years	5 years	

Notes to the Financial Statements

9 Property, plant and equipment

Group

	Land and buildings	Other fixtures and fittings, tools and equipment	Leasehold improvements	Total
	TDKK	TDKK	TDKK	TDKK
Cost at 1 January	13,477	51,066	336	64,879
Disposals for the year	-13,477	-46,690	0	-60,167
Cost at 31 December	0	4,376	336	4,712
Impairment losses and depreciation at 1 January	8,073	27,631	336	36,040
Depreciation for the year	994	4,478	0	5,472
Reversal of impairment and depreciation of sold assets	-9,067	-27,929	0	-36,996
Impairment losses and depreciation at 31 December	0	4,180	336	4,516
Carrying amount at 31 December	**0**	**196**	**0**	**196**
Depreciated over	15 years	3-15 years	3-5 years	

Notes to the Financial Statements

	Parent company	
	2019	2018
	TDKK	TDKK
10 Investments in subsidiaries		
Cost at 11 October	0	0
Additions for the year	2,387,630	0
Cost at 31 December	2,387,630	0
Value adjustments at 11 October	0	0
Disposals for the year	0	0
Net profit/loss for the year	0	0
Value adjustments at 31 December	0	0
Carrying amount at 31 December	**2,387,630**	**0**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Votes and ownership
Lind Invest ApS	Aarhus	100%
Danske Share ApS,	Aarhus	75%
Danske Share II ApS,	Aarhus	50%
Danske Share Invest I ApS	Aarhus	78%
Danske Share Invest II ApS	Aarhus	100%
Danske Share Invest III ApS	Aarhus	90%
Lind Capital A/S	Aarhus	62%
Lind Value ApS	Aarhus	100%
Lind Value II ApS	Aarhus	100%
Lind Value III ApS	aarhus	100%
Lind Ejendomme ApS	Aarhus	100%
Lind Private Equity ApS	Aarhus	100%
Lind Hamburg Aps	Aarhus	100%
Cornerstone Properties Germany Holding ApS	Aarhus	53%
Cornerstone II A/S	Aarhus	53%
Cornerstone Köln Blatt 2.166 B ApS	Aarhus	53%
Cornerstone Hamburg Blatt 2.655 B ApS	Aarhus	53%
Cornerstone Hamburg blatt 4.169 B ApS under frivilling likvidation	Aarhus	53%
Cornerstone Hamburg Blatt 12.575 B ApS	Aarhus	53%

11 Investments in associates

	Group 2019 TDKK	Group 2018 TDKK
Cost at 1 January	240,016	319,342
Disposals for the year	-738	0
Transfers for the year	0	-79,326
Cost at 31 December	239,278	240,016
Value adjustments at 1 January	-182,439	-128,076
Disposals for the year	-4,696	0
Net profit/loss for the year	2,864	-853
Dividends received	-44,416	-11,173
Amortisation of goodwill	0	-4,922
Transfers for the year	0	-37,415
Value adjustments at 31 December	-228,687	-182,439
Carrying amount at 31 December	**10,591**	**57,577**

The carrying amount of associates comprises a share of the entities' net asset value, DKK 11 million and goodwill at a carrying amount of DKK 0 million.

Investments in associates are specified as follows:

Name	Place of registered office	Votes and ownership
Scandinavian Private Equity A/S	København	25.51%
Komplementarselskabet Lean Management ApS	Aarhus	33.33%

Notes to the Financial Statements

12 Other fixed asset investments

	Group Other securities and investments TDKK
Cost at 1 January	1,583,229
Additions for the year	602,375
Disposals for the year	-1,022,169
Cost at 31 December	1,163,435
Revaluations at 1 January	521,990
Revaluations for the year	142,196
Revaluations at 31 December	664,186
Carrying amount at 31 December	**1,827,621**

13 Distribution of profit

	Parent company	
	2019 TDKK	2018 TDKK
Extraordinary dividend paid	0	0
Proposed dividend for the year	0	0
Retained earnings	-34	0
	-34	**0**

Notes to the Financial Statements

14 Other receivables

	Group 2019	Group 2018
	TDKK	TDKK
Other receivables	626,136	137,173
	626,136	**137,173**

See further explanation of derivative financial instruments in note 18.

Group

Out of the Group's total receivables, other receivables totalling DKK 524.764k (2018: 76,825k) falls due for payment after more than one year after the balance sheet date.

15 Deferred income

Deferred income comprise prepaid maintenance, software licenses, rent and insurance premiums.

16 Equity

The share capital consists of 2,220,000 shares of a nominal value of TDKK 1. No shares carry any special rights.

17 Deferred tax asset

	Group 2019	Group 2018
	TDKK	TDKK
Deferred tax asset at 1 January	520	-9,068
Amounts recognised in the income statement for the year	-272	-99
Disposal regarding discontinuing activites	0	9,687
Deferred tax asset at 31 December	**248**	**520**
Intangible assets	0	-73
Property, plant and equipment	-248	-444
Amortization	0	-3
Transferred to deferred tax asset	248	520
Calculated tax asset	248	520
Carrying amount	**248**	**520**

Notes to the Financial Statements

18 Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt. The debt falls due for payment as specified below:

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
Other payables				
Between 1 and 5 years	97,623	0	0	0
Long-term part	97,623	0	0	0
Other short-term payables	238,910	330,586	44	0
	336,533	**330,586**	**44**	**0**

19 Cash flow statement - adjustments

	Group	
	2019	2018
	TDKK	TDKK
Financial income	-603,457	-173,340
Financial expenses	133,436	239,123
Depreciation, amortisation and impairment losses, including losses and gains on sales	6,261	48,262
Income from investments in subsidiaries	-2,880,983	0
Income from investments in associates	2,840	5,775
Tax on profit/loss for the year	44,764	-26,805
Other adjustments	-41,171	-6,341
	-3,338,310	**86,674**

20 Cash flow statement - change in working capital

Change in receivables	-472,073	-22,171
Change in trade payables, etc	-15,964	-195,621
	-488,037	**-217,792**

Notes to the Financial Statements

	Group 2019	Group 2018
	TDKK	TDKK

21 Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with mortgage credit institutes:

	2019 TDKK	2018 TDKK
Buildings with a carrying amount of	0	5,406
Other fixtures, fittings, tools and equipment with a carrying amount of	0	22,872

The following assets have been placed as security with bankers:

	2019 TDKK	2018 TDKK
Mortgages registered to the mortgager totalling DKK 4,000k, security in buldings and other property, plant and equipment at a total carrying amount of	0	28,279
Securities and investments in associates at a carrying amount of	593,466	1,451,747

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

	2019 TDKK	2018 TDKK
Within 1 year	1,942	0
Between 1 and 5 years	172	0
	2,114	**0**
Rent obligations, period of non-terminability of up to 1 year (1 year)	790	790

Notes to the Financial Statements

21 Contingent assets, liabilities and other financial obligations (continued)

Other contingent liabilities

The Group has agreed to pay in the remaining commitment of DKK 1,511,964k for investments and DKK 6,504k in donations to social projects.

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

22 Related parties

	Basis
Controlling interest	
Shareholder Henrik Lind 8240 Risskov	Participating interest

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Shareholder Henrik Lind 8240 Risskov

23 Fee to auditors appointed at the general meeting

	Group		Parent company	
	2019	2018	2019	2018
	TDKK	TDKK	TDKK	TDKK
PricewaterhouseCoopers				
Audit fee	279	1,119	35	0
Tax advisory services	813	963	0	0
Other assistance	183	1,134	0	0
	1,275	**3,216**	**35**	**0**

Notes to the Financial Statements

24 Use of derivative financial instruments

Financial risks in the group enterprises affecting financial instruments are primarily market risks and credit risk.

Market risk
The group enterprises' market risk arises in foreign exchange rate fluctuations. The risk is mitigated and hedged on a daily basis in accordance with the mandates, policies and hedging strategy approved by the Executive Board. The risk relates to a wide range of currencies to which the daily business is exposed. At the end of 2019 the fair value of foreign exchange forward contracts amounted to DKK 0.2 million.

The foreign exchange forward contracts had been entered into for the purpose of hedging future cash flows in a range of currencies, primarily USD, GBP, SEK and SGD. The hedging activity related to these can be specified as follows:

- Hedging of future net cash outflows in USD was USD 15.0 million. The USD forward contracts primarily have a duration of three months.
- Hedging of future net cash outflows in GBP was GBP 9.9 million. The GBP foward contracts have a duration of three months.
- Hedging of future net cash outflows in SEK amounted to SEK 212.0 million. The SEK forward contracts have a duration of three months.
- Hedging of future net cash inflows in SGD was SGD 20.0 million. The SGD forward contracts have a duration of three months.

Credit risk
The credit risk affecting the derivative financial instruments measured at fair value are considered minimal.

25 Subsequent events

The consequences of the Covid-19 pandemic, in which many governments around the world have decided to "lock down the countries", are of great importance to the world economy and have had major financial consequences in the financial markets where the company operates. Management considers the consequences of Covid-19 as an event that occurred after the balance sheet date and therefore constitutes a non-regulatory event for the company.

The company has so far been negatively impacted by the effects of Covid-19, as several stock markets have experienced historically large price declines. Management is following the trend closely, but it is still too early to say what effect Covid-19 will have on earnings in 2020. Of course, management is trying to make up for lost earnings later in the year.

Notes to the Financial Statements

26 Accounting Policies

The Annual Report of Lind Invest II ApS 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 remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2019 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Lind Invest II ApS, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

26 Accounting Policies (continued)

Business combinations

Acquisitions

On acquisition of subsidiaries, the difference between cost and net asset value of the enterprise acquired is determined at the date of acquisition after the individual assets and liabilities having been adjusted to fair value (the purchase method). Cost comprises the fair value of the consideration paid as well as expenses for consultants etc directly related to the acquisition. Any remaining positive differences are recognised in intangible assets in the balance sheet as goodwill, which is amortised in the income statement on a straightline basis over its estimated useful life. Any remaining negative differences are recognised as income in the income statement at the date of acquisition.

Positive and negative differences from enterprises acquired may, due to changes to the recognition and measurement of net assets, be adjusted until the end of the financial year following the year of acquisition. These adjustments are also reflected in the value of goodwill or negative goodwill, including in amortisation already made. Moreover, any change in contingent consideration is adjusted in the value of goodwill or negative goodwill.

Amortisation of goodwill is recognised in “Amortisation, depreciationand impairment losses”.

Uniting of interests

Intragroup business combinations are accounted for under the uniting-of-interests method. Under this method, the two enterprises are combined at carrying amounts, and no differences are identified. Any consideration which exceeds the carrying amount of the acquired enterprise is recognised directly in equity. The uniting-of-interests method is applied as if the two enterprises had always been combined by restating comparative figures.

Discontinuing activities

At the end of January 2019 the parent company entered into a sales agreement regarding the subsidiary Danske Commodities A/S. As a consequence, the activities relating to the subsidiary have been reclassified to discontinuing activities with a separate presentation of the impact in income statement, balance sheet and cash flow statement for 2018. Comparative figures have not been adjusted.

Minority interests

Minority interests form part of the Group’s total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries. On subsequent changes to minority interests where the Group retains control of the subsidiary, the consideration is recognised directly in equity.

On subsequent changes to minority interests where the Group retains control of the subsidiary, the consi-

Notes to the Financial Statements

26 Accounting Policies (continued)

deration is recognised directly in equity.

Leases

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Group.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

Translation policies

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.

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are classified as ”Other receivables” and ”Other payables”, respectively.

Changes in the fair values of derivative financial instruments are recognised in the income statement unless the derivative financial instrument is designated and qualify as hedge accounting.

Notes to the Financial Statements

26 Accounting Policies (continued)

Revenue

Information on business segments and geographical segments based on the Group´s risks and returns and its internal financial reporting system. Business segments are regarded as the primary segments.

Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to the Executive Board and a number of senior employees is not recognised in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

Income Statement

Revenue

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

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

Cost of sales

Cost of sales comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, depreciation and impairment of intangible assets and property, plant and equipment.

Notes to the Financial Statements

26 Accounting Policies (continued)

Other operating income and expenses

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

Income from investments in associates

The item “Income from investments in associates” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Tax on profit/loss for the year

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

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

Balance Sheet

Intangible assets

Goodwill acquired is measured at cost less accumulated amortisation. Goodwill is amortised on a straight-line basis over its useful life, which is assessed at 5 years.

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding years.

Development costs and costs relating to rights developed by the Company are recognised in the income statement as costs in the year of acquisition.

Property, plant and equipment

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

Notes to the Financial Statements

26 Accounting Policies (continued)

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 equipment are recognised in cost over the period of construction. All indirectly attributable borrowing expenses are recognised in the income statement.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Buildings	15	years
Other fixtures and fittings, tools and equipment	3-15	years
Leasehold improvements	3-5	years

Depreciation period and residual value are reassessed annually.

Assets costing less than DKK 13,800 are expensed in the year of acquisition.

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.

Investments in subsidiaries and associates

Investments in subsidiaries are measured at cost. Where cost exceeds the recoverable amount, write-down is made to this lower value.

Investments in associates are recognised and measured under the equity method.

The item“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 deduction or addition of unrealised intercompany profits or losses and 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 associates is transferred upon distribution of profit to “Reserve for net revaluation under the equity method“ under equity. The reserve is reduced by dividend

Notes to the Financial Statements

26 Accounting Policies (continued)

distributed to the Parent Company and adjusted for other equity movements in the associates.

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

Securities and investments consisting of listed shares and bonds are measured at fair value (market price) at the balance sheet date.

Investments not admitted to trading on an active market are measured at fair value based on external market reports. If no external market report is available, investments are measured at the lower of cost and recoverable amount.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable 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 with addition of indirect production costs. Indirect production costs comprise the cost of indirect materials and labour as well as maintenance and depreciation of the machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Deferred income

Deferred income comprise prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

Notes to the Financial Statements

26 Accounting Policies (continued)

Current asset investments

Current asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences 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, respectively.

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

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

Current tax receivables and liabilities

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.

Financial debts

Loans, such as mortgage loans and loans from credit institutions, are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan.

Notes to the Financial Statements

26 Accounting Policies (continued)

Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Cash Flow Statement

The cash flow statement shows the Group´s cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Group´s cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

Cash and cash equivalents comprise ”Cash at bank and in hand” and ”Overdraft facilities”.

The cash flow statement cannot be immediately derived from the published financial records.

Notes to the Financial Statements

26 Accounting Policies (continued)

Financial Highlights

Explanation of financial ratios

Solvency ratio	$\dfrac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\dfrac{\text{Net profit for the year x 100}}{\text{Average equity}}$