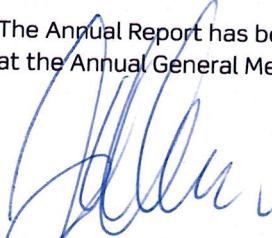


HALDOR TOPSØE 

Annual Report

2020

The Annual Report has been presented and adopted
at the Annual General Meeting on March 23, 2021



Chair of the meeting,
Jørgen Kjergaard Madsen

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About Topsoe

Haldor Topsoe at a glance

Topsoe is a world-leading provider of energy-efficient technologies, catalysts, services, and hardware to produce essential chemicals and fuels.

For 80 years, we have been perfecting chemistry to help the chemical and refining industries produce more, while using the least possible energy and resources. Today, it is our vision to lead the global transition of these industries into the renewable future and reduce carbon emissions.



#1

in ammonia

#1

in renewable diesel

2,268

employees

8%

of revenue reinvested in R&D

6,179

mDKK revenue

853

mDKK EBIT before special items



Our purpose

Perfecting chemistry for a better world

Chemistry is behind almost any product or fuel that defines the way people live today, and it will be just as important in shaping the future.

With Topsoe's deep insight into chemistry, we have an important role to play in the global society. Led by our purpose - Perfecting chemistry for a better world - we provide our customers with world-leading technologies which enable them to produce essential chemicals and fuels in an energy-efficient way and support their successful transition to renewable energy.

Our purpose was defined in 2020, but it reflects decades of dedication to making a positive difference in the world. We have always been deeply committed to using our exceptional R&D capabilities in the development of necessary technologies to solve global challenges such as air pollution and acid rain. Today, we focus on the climate challenge.

Our vision

To be recognized as the global leader in carbon emission reduction technologies by 2024

Our vision is based on an extremely strong scientific foundation and a deep-rooted dedication to making a positive difference in the world by delivering energy-efficient solutions for producing chemicals and fuels.

Eighty years of innovation has established Topsoe as the global market leader in conventional technologies to produce essential chemicals such as ammonia, methanol, and hydrogen. While the traditional applications of these chemicals are here to stay, the chemicals are also seen as some of the most promising carbon-neutral fuels of the future, if produced from renewable power.

In the refinery industry, Topsoe has long been known for its world-leading catalysts to produce ultra-low sulfur diesel that minimizes sulfur emissions to prevent acid rain.

Today, Topsoe is also the global leader within technologies to produce renewable diesel from biomass and waste instead of fossil fuels. On top of that, we are developing other technologies that utilize biomass to reduce carbon emissions.

Thanks to decades of exceptional R&D, Topsoe is in a unique position to accelerate the transition to renewable energy. We are determined to build on this unmatched platform and invest in developing technologies for a future with reduced carbon emissions from chemicals and fuels.





LETTER FROM THE CHAIRMAN OF THE BOARD

Growth and solid results in a challenging year

Haldor Topsoe made good progress in 2020. The company delivered topline growth and embarked on a journey towards global leadership in carbon emission reduction technologies.

Haldor Topsoe has a strong portfolio of world-leading technologies for the energy-efficient production of essential chemicals and fuels. This traditional business constitutes a very strong platform for the company's transformation to become a leader in innovative carbon emission reduction technologies and thus take a leading role in the transition to renewable energy.

In the year, when this important transformation was successfully launched, Topsoe also achieved satisfactory financial results. The Board is particularly pleased that revenue and EBIT before special items are in line with the original guidance from last year's annual report, in spite of the challenges brought on by the COVID-19 pandemic.

A STRATEGIC TRANSFORMATION

For some time, the Board – supported by the owners of the company – has been determined to launch a strategic transformation of Haldor Topsoe. In the second half of 2020, this transformation was set in motion, actively backed by the Board. We have been impressed by the speed of the process and the dedication of the whole organization. The transformation process included defining a clear company

“The vision **To be recognized as the global leader in carbon emission reduction technologies by 2024** sets the strategic direction for the company.”

purpose, Perfecting chemistry for a better world. This short sentence encapsulates the essence of Topsoe's long-standing and dedicated work to develop excellent technologies that make a positive difference in the world around us. And it will be just as true for the decades ahead of us. Topsoe will continue to deliver to its customers chemistry that can contribute to solving some of the world's biggest challenges.

In addition, a vision was created to express and guide the ambitions for Haldor Topsoe's growth and contribution to a better world in the coming years. The vision *To be recognized as the global leader in carbon emission reduction technologies by 2024* sets the strategic direction for the company.

In November 2020, the Topsoe organization was restructured to facilitate the execution of the new vision in the best possible way.

While both the company purpose and the vision are new, they reflect decades of dedication to making a positive difference in the world. Haldor Topsoe has always been committed to developing technologies that solve pressing global challenges.

Building on this legacy, Topsoe is uniquely positioned to deliver on its bold new vision. As a trusted partner to the energy-intensive chemical and refining industries, Topsoe offers world-leading technologies that make traditional solutions more energy-efficient and clean. The company will retain this position and also use its long-standing technological expertise and R&D capabilities to support its customers in the energy transition towards a low-carbon future.

NEW CEO

Roeland Baan took over as new CEO of Topsoe in June. Roeland has global experience and a proven track record of driving growth, developing businesses, and building cohesive organizations. In Topsoe, he has been able to make a positive mark in a very short time, particularly in the launch of the

transformation process. I welcome him warmly to Topsoe and thank him for a close and fruitful collaboration with the Board. Roeland took over from Bjerne S. Clausen, who retired after an impressive 40-year career with the company. I would like to thank Bjerne once again for his exceptional contribution and dedicated work. As a scientist and leader, he was a defining figure in both Topsoe's technological and commercial development. As CEO, Bjerne played an instrumental role in making Haldor Topsoe the focused and profitable company it is today.

NEW BOARD MEMBER

On August 18, 2020, the Annual General Meeting elected Mr. Jan Kreibaum as new member of the Board. I welcome Jan to the Board, where we have already benefitted from his experience in China-specific strategies.

THANKS

Finally, let me thank both the Senior Leadership Team and all Topsoe employees.

2020 has been a remarkable year for the company – for both positive and negative reasons. We all know how COVID-19 has influenced the world, businesses, colleagues, and in some cases even our families and friends. Yet, you have managed to serve our customers in the best way possible under these difficult circumstances. Your efforts have made it possible to achieve strong results in spite of the pandemic, and your perseverance has also led to the launch of a strategic transformation with significant potential. Thank you for your extraordinary dedication.

JEPPE CHRISTIANSEN
Chairman

LETTER FROM THE CEO

Good performance in a year challenged by COVID-19

2020 was both a challenging and transformative year for Topsoe. Like all companies, organizations, nations, and people across the world, our customers and partners were gravely affected by the COVID-19 pandemic. Obviously, this affected our company and people as well, but we were nevertheless able to deliver good performance.



“Following a thorough review of our internal processes as well as interactions with customers and partners, we have launched and implemented a new organizational structure.”

Despite the headwinds, Topsoe achieved significant year-on-year improvement in 2020. In line with our expectations at the beginning of the year, revenue grew by 5% to DKK 6,179 million and EBIT before special items by 6% to DKK 853 million compared to 2019.

The 2020 results are solid in a year marred by uncertainty and rapid change on a global scale and prove the resilience of our business model.

We are entering the new year with a healthy order book. However, we expect that COVID-19 will continue to create significant uncertainty in our global markets that can affect projects in 2021 and have a negative impact on the company's performance in the year.

A FOCUSED ORGANIZATION

2020 marked the launch of Topsoe's transformation. With our overarching purpose defined as *Perfecting chemistry for a better world*, we have established a clear vision: *To be recognized as the global leader in carbon emission reduction technologies by 2024*.

To be able to deliver on this vision, we have recognized the need to focus our business in an even more customer-oriented direction.

Therefore, following a thorough review of our internal processes as well as interactions with customers and partners, we have launched and implemented a new organizational structure.

Topsoe's new organizational platform is built on three main pillars:

Global Strategy & Innovation combines the development of company strategy with our world-class R&D activities to secure a perfect alignment and benchmark innovation rate.

Global Commercial combines all commercial activities into one global organization to ensure a strong commercial mindset, singular customer focus and service, and fast commercialization of new product offerings.

Global Supply brings together the full supply chain activities to produce high-quality products more efficiently.

ZERO HARM

In Topsoe, we will not compromise on safety, and we wholeheartedly embrace the concept of 'Zero Harm'. Excellence in Health, Safety & Environment is our license to operate, and our employees must come home as safe and sound, as when they left for work. We track our performance using the metric total recordable incident frequency (TRIF). Over the last years, we have seen a significant improvement in this metric and we ended the year with a TRIF of 0.90 compared to 1.29 in 2019. However, to be in the top quartile of our industry, we still have some way to go. For this reason, the Health, Safety &

Environment department was reinforced with new leadership reporting to the CEO.

Topsoe's commitment to Zero Harm includes a pronounced ambition to protect the environment and reduce carbon emissions from our own operations. In 2020, we achieved energy savings of 7,211 MWh and reduced water consumption by 13%. With our recent commitment to the Science Based Targets initiative, we pledge to significantly reduce greenhouse gas emissions across our value chain in the coming decade, in support of the Paris Agreement. Our short-term target is a 15% reduction in 2021 (on a like-for-like basis, 2019 baseline).

OUTLOOK FOR 2021

We expect that the COVID-19 pandemic will continue to drive uncertainty in 2021. However, we expect to deliver a solid financial performance in 2021, roughly in line with 2020 on revenue level.

THANKS

None of the achievements of the past year would have been possible without the strong support of our major contributors.

Firstly, I want to thank our customers and partners for your trust and dedication in a year that offered more challenges and changes than usual. We are proud that you have once again chosen Topsoe's world-leading technologies to support your business objectives.

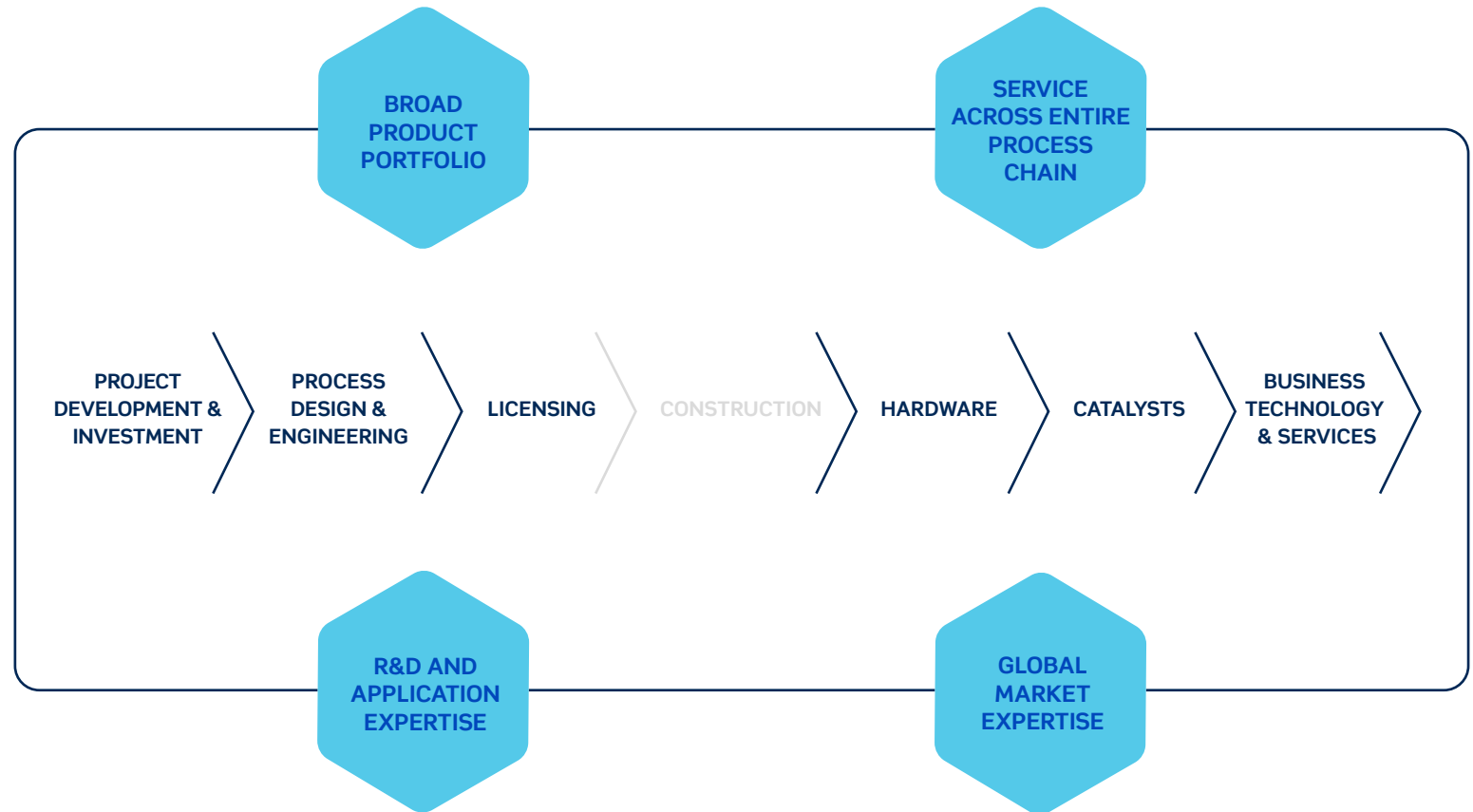
A special thanks has to go to my colleagues, Topsoe's amazing employees, who have gone beyond expectations to deliver this year's good results in extraordinarily difficult circumstances. It is truly proof of your exceptional dedication.

ROELAND BAAN

President & Chief Executive Officer

Business model

Topsoe has a solution-focused business model covering the full value chain, based on unique chemical engineering competences.



➤ TOPSOE OFFERINGS

➤ CONSTRUCTION SERVICES ARE DELIVERED BY WORLD-CLASS ENGINEERING, PROCUREMENT & CONSTRUCTION COMPANIES (EPC).

Perfecting chemistry for a better world

Chemistry is behind almost any product or fuel that defines the way people live today, and it will be just as important in shaping the future. Led by our purpose – Perfecting chemistry for a better world – we provide our customers with world-leading technologies which enable them to produce essential chemicals and fuels in an energy-efficient way and support their successful transition to renewable energy.

Topsoe’s strategy and targets focus on the goals where we can make the most meaningful contributions and create positive impact at scale for the benefit of people’s health and well-being and the environment. Partnerships and alliances with academia, customers, peers and suppliers are important levers to achieve our vision of becoming the global leader in carbon emission reduction technologies by 2024.



Topsoe's response to COVID-19

The COVID-19 pandemic has demanded our constant attention throughout most of 2020. It has influenced Topsoe's business, changed our usual business routines, and put a strain on our employees.

During the pandemic, we have focused on safeguarding the health, safety, and well-being of Topsoe employees, while keeping our production running and delivering upon our promises to customers across the globe.

With our employees' safety in mind, we have taken numerous actions to prevent and limit the spreading of COVID-19 in the workplace and to support employees' physical and emotional well-being. For our customers, we have developed new, innovative solutions for remote assistance to support them in upholding operations. In the communities where we do business around the world, we have made donations to support children and families impacted by the pandemic.

So far, we have been successful in limiting the spread of COVID-19 in the workplace. In total, 88 employees have been diagnosed with COVID-19 globally, and only four cases are assessed to relate to the workplace.

While COVID-19 has naturally challenged our supply chain at times, we have not experienced major disruptions such as supply failures, and we have been able to continue our production more or less as usual. Having a business model that comprises both catalysts and technology has proven to be an advantage for Topsoe. While order intake was high in the first half of 2020, it slowed down as we approached year-end, and

we received significantly fewer technology orders compared to catalyst orders, which remained at a more normal level, yet below target.

While the COVID-19 pandemic is not over yet, it has shown that our crisis management and emergency response system is functioning well and is suited for tackling a major crisis and the disturbances that follow; that Topsoe has a strong business model; and that Topsoe employees have been going the extra mile to develop innovative solutions that have allowed us to continue business operations.

COVID-19 RESPONSE TEAMS

In February 2020, we established a task force with a two-tiered structure to ensure alignment across all levels of the organization. The first tier comprised senior management representatives focused on globally applicable aspects, including harmonized response. The second tier was an operational team of employee representatives from Safety, IT, Facility, Communication, Travel, and HR. Throughout the year, the task force has met weekly, and sometimes daily, to closely monitor the situation and its impact on our operations, to define mitigating actions, and to ensure clear communication and guidance to employees. This approach has ensured proactive mitigation of risks.

Our actions

Employees

- Additional safety measures in the workplace, e.g. enhanced cleaning and disinfection, personal protective equipment, and social distancing
- Work from home
- One central platform for communication with employees on COVID-19 matters
- Limited employee travel
- New tool to assess the risk level and needed precautions in case of employee travel
- Expert-led online sessions regarding health, safety, and well-being, e.g. ergonomics training
- Online courses in 'Engaging virtual meetings' and 'Virtual leadership'
- New social platforms for Topsoe employees to connect virtually with other colleagues

Customers

- New remote assistance tools and services for customers where possible.

Communities

- Contributions to UNICEF for humanitarian assistance related to COVID-19 in China and Iran
- Contributions to Save the Children and its Children's Emergency Fund
- To further support global relief efforts in 2021, Topsoe is now a COVID-19 Emergency Partner to UNICEF

Highlights of 2020

2020



January

Gaz Sintez chooses SynCOR Methanol™

Gaz Sintez decided to base their 1.6 million-ton-per-year methanol plant in the Leningrad Region, Russia, on Topsoe's SynCOR Methanol™. This is the most cost-efficient large-scale methanol technology in industrial operation today and offers considerable environmental advantages with a smaller CO₂ footprint and lower water consumption compared to traditional technologies. [READ MORE](#)



May

Topsoe joins United Nations Global Compact

The UN Global Compact is the world's largest sustainability initiative. Its Ten Principles provide companies with clear guidelines on responsible business practices within areas such as human rights, labor, environment, and anti-corruption. [READ MORE](#)



March

Preem selects HydroFlex™ for renewable fuels plant with potential to save 2.5 million tons CO₂ per year

Preem, Sweden's largest fuel company, chose Topsoe's HydroFlex™ technology to produce up to 1 million cubic meters of clean renewable diesel and jet fuel per year. This corresponds to about 25% of Sweden's estimated consumption of renewable fuels in 2030. [READ MORE](#)



May

Air Products and Topsoe sign global alliance agreement

The two companies agreed to collaborate in developing potential projects and using their combined expertise on large-scale ammonia, methanol and/or dimethyl ether plants to be developed and built globally. [READ MORE](#)

HIGHLIGHTS OF 2020



July

World's largest green hydrogen project will use Topsoe ammonia technology

A USD 5 billion green hydrogen production facility to be sited in NEOM, Saudi Arabia, will include Topsoe's proven ammonia technology to produce 3,500 tons per day of green ammonia.

[READ MORE](#)



August

Topsoe joins ambitious sustainable fuel project in Denmark

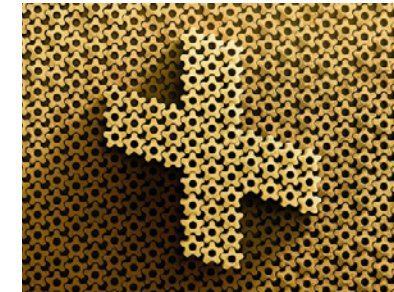
The Green Fuels for Denmark project aims to develop a ground-breaking hydrogen and sustainable fuel facility based in the Greater Copenhagen area. Topsoe will contribute with know-how about technologies that convert captured CO₂ into sustainable methanol and jet fuel using hydrogen from electrolysis of water.

[READ MORE](#)

October

Tipping the scales with a new sulfuric acid catalyst

In October, Topsoe launched the VK38+ sulfuric acid catalyst. As environmental regulations tighten worldwide, sulfuric acid plants can reduce their environmental footprint by using the new catalyst. [READ MORE](#)



August

Topsoe and partners issue a report: "Ammonfuel - an industrial view of ammonia as marine fuel"

The report concludes that ammonia is an attractive and low-risk choice of marine fuel, both in the transition phase towards a more sustainable shipping industry and as a long-term solution to reduce carbon emissions.

[READ MORE](#)



October

Article in Science: Solid oxide electrolysis cell technology to unlock the full potential of renewable power

An article co-authored by Topsoe scientists was published in the esteemed Science magazine in October. It suggests that solid oxide electrolysis cell (SOEC) technology can unlock the full potential of renewable power and provide climate-friendly fuels. [READ MORE](#)

HIGHLIGHTS OF 2020



November

Braskem and Topsoe achieve first production of bio-based MEG from sugar

MEG is a raw material for PET (polyethylene terephthalate), which has numerous applications and is an essential feedstock in sectors such as textiles and packaging, especially beverage bottles. Currently, MEG is predominantly made from fossil-based feedstocks, such as naphtha, gas, or coal. [READ MORE](#)



December

Grön Fuels selects Topsoe's HydroFlex™ renewable fuels and H2bridge™ bio-hydrogen technologies

Grön Fuels, LLC's planned renewable diesel facility at the Port of Greater Baton Rouge, Louisiana, US, will be based on Topsoe's proprietary HydroFlex™ hydrotreating and H2bridge™ hydrogen technologies. [READ MORE](#)

2021

December

Danish partnership sets out to build green ammonia plant

A partnership led by Skovgaard Invest and supported by Vestas, the global leader in sustainable energy solutions, and Topsoe committed to building a green ammonia plant at the commercial scale of 10 MW power. Green ammonia, produced from renewable energy, is an excellent fuel and fertilizer that can replace significant volumes of fossil fuels and help accelerate the transition to a world powered by renewable energy. [READ MORE](#)



December

Topsoe and Aker Carbon Capture to cooperate on low-carbon hydrogen solutions

Aker Carbon Capture and Haldor Topsoe signed a memorandum of understanding with the intention to offer a complete solution for low-emission production of 'blue' hydrogen - a clean energy carrier with a wide array of applications in industry and as a fuel. [READ MORE](#)

Accomplishments and results



Five-year summary

Income statement

DKK million	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾
Revenue	6,179	5,897	5,617	5,011	5,028
Gross profit	2,789	2,782	2,620	2,391	2,486
EBITDA	1,178	1,125	1,036	852	949
Depreciation and amortization	-325	-319	-256	-257	-260
EBIT before special items	853	806	780	595	689
Special items ²⁾	-275	136	-72	0	122
EBIT after special items	578	942	708	595	811
Net financial expenses, etc.	-29	-4	-16	-66	-24
Profit from continuing operations	435	714	507	403	545
Profit/loss from discontinuing operations	45	0	-16	-422	-53
Net profit	480	714	491	-19	492

Balance sheet

Balance sheet total	6,688	6,694	5,356	5,917	6,871
Equity	2,139	1,730	1,046	1,452	2,031
Net working capital	427	602	447	668	610
Net interest-bearing debt	203	871	756	855	1,191

Cash flow

Cash flows from operating activities	1,114	307	1,189	137	748
- of which continuing operations	1,149	307	1,205	421	785
Cash flows from investing activities	-368	-88	-220	690	-386
- of which investments in property, plant and equipment	-325	-213	-251	-211	-393
Cash flows from financing activities	-339	-197	-1,194	-586	-530
Change in cash and cash equivalents for the year	407	22	-230	201	-162

Employees

Numbers	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾
Average number of employees	2,268	2,238	2,246	2,527	2,543

Ratios

%	2020	2019	2018 ¹⁾	2017 ¹⁾	2016 ¹⁾
Gross margin	45.1	47.2	46.6	47.7	49.4
EBITDA margin	19.1	19.1	18.4	17.0	18.9
EBIT before special items margin	13.8	13.7	13.9	11.9	13.7
EBIT after special items margin	9.4	16.0	12.6	11.9	16.1
Return on invested capital (ROIC)	29.8	30.6	32.4	25.0	32.6
Equity ratio	32.0	25.8	19.5	24.5	29.6
Return on equity	24.8	51.4	39.3	-1.1	25.7
Leverage ratio	0.2	0.8	0.7	1.0	1.3

The ratios have been prepared in accordance with the Recommendations & Financial Ratios produced by the Danish Finance Society and CFA Society Denmark.

The accounting policy for land and buildings has been changed from measurement in accordance with the revaluation model to measurement at cost less accumulated depreciation and impairment losses. Comparative figures have been restated.

¹⁾ IFRS 16 was implemented in 2019 using the modified retrospective approach, and comparative figures for 2016-2018 have not been restated.

²⁾ Significant income and costs which cannot be attributed directly to the Group's ordinary operating activities have been reclassified to Special items. Comparative figures have been restated. Special items for 2019-2020 are specified in note 7. Special items in 2018 are redundancy cost and special items in 2016 are restarted contracts that had been suspended.

Financial highlights

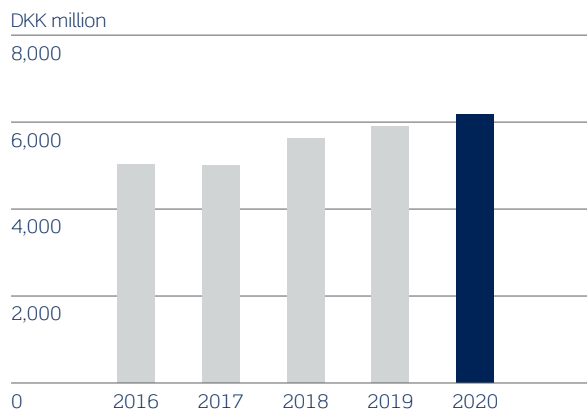
Total revenue increased by 5% to DKK 6,179 million in 2020 (2019: DKK 5,897 million). The revenue development is explained by an increase in catalyst revenue of 4%, mainly driven by refinery catalysts including deliveries for renewable fuel solutions as well as an increase in technology revenue of 8%, mainly driven by renewable refinery technology and methanol technology.

EBIT before special items for 2020 increased by 6% to DKK 853 million (2019: DKK 806 million), while the EBIT margin before special items for 2020 was 13.8% (2019: 13.7%). Total special items of DKK -275 million for 2020 consist of restructuring costs (DKK -162 million), legal costs regarding two special cases (DKK -71 million), and adjustments of scrap values on buildings (DKK -42 million). Total special items of DKK 136 million for 2019 consist of gain from selling surplus land (DKK 128 million), revenue relating to suspended Topsoe license (DKK 34 million), offset by goodwill impairment loss regarding restructuring (DKK -26 million). Consequently, EBIT after special items decreased by 39% to DKK 578 million in 2020 (2019: DKK 942 million).

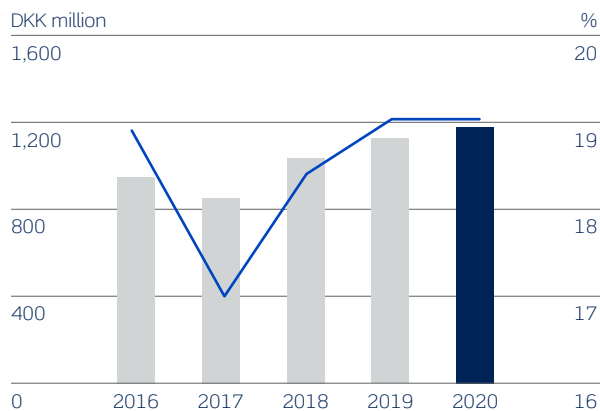
R&D expenses were maintained at a high level with a R&D-to-revenue-ratio of 8.3% (2019: 8.0%).

Profit before tax amounted to DKK 549 million in 2020 (2019: DKK 938 million). The decrease in profit was due to special items.

Revenue

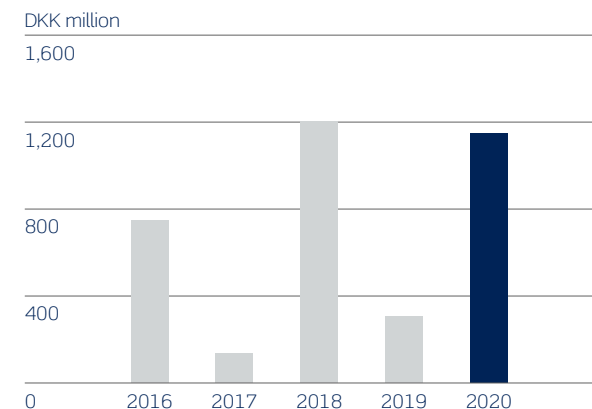


EBITDA

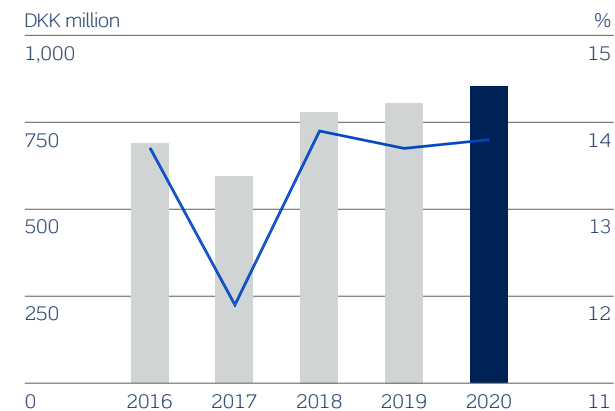


■ EBITDA (left) — EBITDA margin (right)

Cash flows from operating activities



EBIT before special items



■ EBIT before special items (left) — EBIT before special items margin (right)

Financial report

INCOME STATEMENT

REVENUE AND GROSS MARGIN

Revenue increased by 5% to DKK 6,179 million (2019: DKK 5,897 million). Exchange rate developments from 2019 to 2020 had a negative impact of -0.7% on revenue. Catalyst revenue increased by 4% and technology revenue increased by 8%.

Gross margin decreased to 45.1% in 2020 compared to 47.2% in 2019. This was mainly due to the effect of inventory price adjustments, increase in warranty provisions as well as extra costs for operational excellence activities in 2020. Significant savings were realized on travel costs due to COVID-19 restrictions.

Raw material costs incl. change in inventories increased by 4% to DKK 1,842 million, mainly as a result of price adjustments on inventories of DKK 82 million.

Purchased equipment for contract work increased by 6% to DKK 570 million due to increased activity.

Other external expenses increased by 19% to DKK 1,054 million, mainly due to increase in warranty provisions, operational excellence activities to improve production performance and freight costs.

EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AND AMORTIZATION (EBITDA)

EBITDA increased by 5% to DKK 1,178 million, corresponding to an EBITDA margin of 19.1% (2019: 19.1%).

Staff expenses amounted to DKK 1,611 million, which is a decrease of 3% compared to 2019. Staff expenses in 2020 were impacted by employee bonus payments of DKK 92 million (2019: DKK 124 million).

EARNINGS BEFORE INTEREST AND TAX (EBIT) BEFORE SPECIAL ITEMS

EBIT before special items increased by 6% to DKK 853 million (2019: DKK 806 million) and EBIT before special items margin was 13.8% (2019: 13.7%). Depreciation amounted to DKK 325 million, which is an increase of 2% compared to 2019 (2019: DKK 319 million).

NET PROFIT

Net profit decreased by 33% to DKK 480 million (2019: DKK 714 million).

The decrease in net profit is mainly explained by:

- Negative impact of special items (see note 7) on net profit in 2020 of DKK 275 million (pre-tax)
- Positive impact of special items (see note 7) on net profit in 2019 of DKK 136 million (pre-tax)

- Finalization of the divestment of the emissions control business areas impacted 2020 with a profit of DKK 45 million (after tax).

CASH FLOW AND BALANCE SHEET

CASH FLOWS FROM OPERATING ACTIVITIES

Cash flows from operating activities amounted to DKK 1,114 million (2019: DKK 307 million). This increase was mainly due to improved net working capital. Net working capital decreased by DKK 177 million in 2020 (compared to an increase of DKK 338 million in 2019) and made up 6.9% of revenue (2019: 10.2%). The lower net working capital was mainly due to payments received from customers and postponed payments of salary-related taxes.

CAPEX

CAPEX increased by 38% to DKK 411 million (2019: DKK 298 million). This includes equity investments in Ramagundam Fertilizers and Chemicals Ltd., India (DKK 15 million) and investments in intangible assets (patents), property (laboratory), and plants and equipment of DKK 391 million in 2020.

NET INDEBTEDNESS

Net indebtedness decreased by DKK 668 million to DKK 203 million (2019: DKK 871

million). The leverage ratio (Net interest-bearing debt/EBITDA) amounted to 0.2 by the end of 2020 (2019: 0.8).

The interest-bearing debt at the end of 2020 was DKK 1,378 million (2019: DKK 1,658 million). This decrease was due to repayment of the remaining tranche of corporate bonds of DKK 500 million, offset by increased credit institution loans of DKK 261 million and installments of DKK 96 million.

RETURN ON INVESTED CAPITAL (ROIC)

ROIC amounted to 29.8% (2019: 30.6%), driven by the 6% increase in EBIT before special items offset by an increase in average invested capital as a consequence of capitalized leased assets in 2019 (IFRS 16).

FINANCIAL COVENANTS

Financial covenants as of December 31, 2020, were all met.

ORDER BACKLOG

The order backlog amounted to DKK 4,262 million at the end of 2020 (a decrease of DKK 681 million, or 14%, compared to the end of 2019). The reduction in backlog is both within technology (9%) and catalysts (16%). The order backlog by the end of 2020 is considered satisfactory.

Outlook for 2021



FINANCIAL OUTLOOK

We expect that the COVID-19 pandemic will continue to drive uncertainty in 2021.

We expect to deliver a solid financial performance in 2021, roughly in line with 2020 on revenue level.



FUNDING

Topsoe's current funding position is strong, based on access to the corporate bond market, institutional banks as well as commercial banks. Committed revolving credit facilities are also available.

Topsoe intends to maintain a credit profile that will ensure compliance with all bank covenants at any time. When market terms are attractive and there is a need, Topsoe will consider issuing additional corporate bonds and obtaining other credit facilities.

FORWARD-LOOKING STATEMENTS

Haldor Topsoe A/S' financial reports, whether in the form of annual reports or interim reports, as well as any presentations based on such financial reports, and any other written information released, or oral statements made, to the public based on this annual report or in the future on behalf of Haldor Topsoe A/S, may contain forward-looking statements.

These forward-looking statements are based on current plans, estimates and projections. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, which may be outside Haldor Topsoe A/S' influence, and which could materially affect such forward-looking statements.

Haldor Topsoe A/S cautions that a number of factors, including those described in the risk management part of this report, could cause actual results to differ materially from those contemplated in any forward-looking statements.



Risk management

ENTERPRISE RISK MANAGEMENT

Topsoe operates an enterprise risk management program with quarterly reporting, followed up by reviews and mitigating activities. The Senior Leadership Team and the Board of Directors receive an outline of the most significant risks on a quarterly basis, including an assessment of likelihood and potential impact. The mapping of risks is based on dialog with management teams across the organization, and includes those risks that could cause significant disruption to the business within a timeframe of five years. The program seeks to identify risks early, assess them, and implement mitigating actions where feasible.

The Topsoe Code of Conduct is embedded throughout the organization, including policies covering anti-corruption, anti-money laundering, competition law, and other compliance issues. Our Code of Conduct is an example of a global mitigating action that is intended to prevent a series of potential risks related to business ethics and legal issues. Topsoe has a global compliance hotline (whistleblower solution), which is available at our website.

➔ topsoe.com/Compliance-Hotline

Topsoe's key risks and the associated mitigating actions are outlined below.

STRATEGIC AND OPERATIONAL RISKS

Customer demand

Catalysts are involved in the vast majority of industrial chemical processes today. We see no indication of disruption in our core markets in the short or medium term which will reduce demand or create substitute products, but we obviously cannot rule out such disruption in the long term. We mainly compete on the performance and quality of our products, and significant resources are thus allocated to R&D to be able to continue producing high-performing products as requested by our customers. While a very significant part of our technical and catalytic solutions is based on fossil fuel feedstock (notably natural gas), we also work with an increasingly wide range of non-fossil-based products and research projects guided by our strategic focus on Power-to-X, Bio-to-X, clean air, and carbon utilization.

If cost-competitive alternative energy sources emerge, this could have a significant impact on our current business, and the level of market growth is, for some markets, impacted by the shift towards alternative energy sources. The demand for Topsoe products and services is driven by global macro trends, such as world population growth, the ongoing energy transition towards renewable fuels,

and increasingly tight regulations regarding energy efficiency and environmental protection. Our R&D department continuously seeks to develop new carbon emission reduction technologies that can cater for the future demand for new products, processes, and services.

Topsoe sells its products and services to a wide range of customers across the globe and is thus not dependent on a single customer or market.

Intellectual property (IP) protection

Being a highly innovative company, Topsoe pursues IP protection through patents, trade secrets, trademarks, design, and copyright law. However, our IP could be challenged, invalidated, circumvented, or rendered unenforceable. Defending and prosecuting our IP rights are thus of paramount importance and significant resources are allocated to this.

Cyber security

Being a knowledge-based and increasingly digitalized Group, Topsoe is exposed to information security risks. The threat of cyber-attacks is increasing, and a major computer virus or malware attack could lead to severe business disruption. To mitigate the risk, Topsoe has developed and is consistently following an Information Security Roadmap, which enables the Group to identify risks,

protect valuable information and adequately respond to an attack. Topsoe is continuously measuring the efforts within this area to ensure stable and secure digital environments. It is a key priority to stay on top of the threat landscape and continuously improve our digital safety.

Raw material prices and availability

Raw materials are a significant cost component in our products, and prices can fluctuate considerably. For products with a high raw material value, we seek to mitigate this risk through escalation clauses in customer contracts where delivery is more than 120 days into the future. The escalation clauses are linked to market indices of the most costly raw materials. In addition, we use financial hedging to a certain extent. We also seek to have multiple suppliers for each raw material. We are exposed to single-source risk on some raw material supplies, which makes us vulnerable to cost increases and which can potentially influence the supply chain. The single-source raw materials and suppliers are continuously assessed, and we work actively to mitigate and limit our single-source exposure.

Operations and Environment, Health & Safety

People, safety and environmental protection are of highest priority in Topsoe. A dedicated

RISK MANAGEMENT

global Health, Safety and Environment organization coordinates and continuously develop our global efforts to protect our people and the environment in which we operate.

Topsoe's production of catalysts takes place in Frederikssund (Denmark) and Houston (United States). If production is closed down for an extended period in one of our plants, e.g. due to damage to the production facilities, equipment failure or cyber-attacks – or if commissioning of a new production line is substantially delayed, this could have a material impact on Topsoe's earnings. We seek to mitigate this risk by operating multiple production lines for key products and by enforcing a safety stock policy. We have also taken out business interruption insurance and property insurance.

Topsoe uses and produces chemicals. In our portfolio, we have hazardous chemicals that could potentially pose a risk if not handled with care. It is of highest priority that all our chemical operations are fully compliant with all chemical and environmental regulations in all jurisdictions where we operate or sell our products. We have processes in place for continuous monitoring of global chemical regulations in order to identify any relevant regulatory changes that might affect our products or operations.

Topsoe is exposed to project execution risk on technology projects. Systematic project management seeks to limit the risk of delayed deliveries, re-engineering, and cost overrun.

The COVID-19 pandemic and other potential future pandemics may negatively impact business, e.g. due to continued severe travel restrictions and/or potential production interruptions.

Insurance

Besides property insurance and business interruption insurance, a number of other operational risks are insured, including general liability, product liability, professional indemnity, transportation and travel.

Geopolitical risks

Topsoe's global presence means that the Group's earnings are exposed to geopolitical events. Political actions, such as embargoes, sanctions, trade barriers, new taxes, currency restrictions, and changes in environmental legislation, etc., may impact results and cash flows. To a certain degree, this risk is mitigated by monitoring regulatory initiatives, geographical diversification, and by ensuring to the extent possible that cash flows for our individual technology contracts remain positive at all times. Our regulatory

monitoring and business integrated compliance measures ensure that Topsoe is at all times compliant with applicable international sanctions. New political sanctions or cancellation of existing political sanctions could potentially have a significant impact on our business.

FINANCIAL RISKS

Currencies

As Topsoe operates globally, the income statement, balance sheet, and cash flows are subject to the risk of currency fluctuations, mainly in relation to Topsoe's flows of USD.

Part of this risk is mitigated through natural hedges arising from activities where Topsoe has both income and expenses in the same currency. However, the risk is not fully covered by natural hedges, and consequently Topsoe hedges certain future cash flows. A 5% change in the DKK/USD exchange rate is assessed to have an EBIT effect of DKK 15-20 million.

Interest rates

Topsoe's general interest rate policy is to maintain a loan portfolio where the fixed interest rate portion is kept within a range of 50-75%, while the floating interest rate portion is kept within a range of 25-50%.

By the end of 2020, the fixed rate portion stood at 69%, while the floating rate portion stood at 31%. Topsoe repaid DKK 500 million corporate bonds in mid-April 2020 and is thereby back into the policy range (~69% fixed and ~31% floating). For the floating rate portion of our interest-bearing debt at end of 2020, an increase in the interest rate level of 1 percentage point will increase interest expenses by DKK 1.1 million p.a.

Credit

The credit risk of Topsoe is primarily related to trade receivables from state, public and privately-owned corporations. Where feasible, we seek to mitigate credit risk by applying instruments such as letters of credit and bank guarantees as well as selective structuring of payment terms, etc. On a quarterly basis, we assess whether the Group should make accruals for bad debt which is considered unlikely to be collected.

Trade finance

Issuance of bonds in support of contractual liabilities is an inherent and necessary part of Topsoe's business model, for instance in the form of bid bonds, advance payment bonds, and performance bonds issued by banks on behalf of Topsoe. Risk mitigation includes thorough structuring of contracts and related bonds.

RISK MANAGEMENT

Counterparties

In this context, counterparty risk is defined as credit risk on financial institutions when dealing with them, either by placing deposits, entering into derivative financial instrument transactions, or otherwise. In order to reduce counterparty risk, Topsoe only deals with financial counterparties who, in the opinion of Management, have satisfactory financial strength (based on credit rating from a recognized international credit rating agency where feasible).

Liquidity

Topsoe must maintain sufficient liquidity to fund daily operations, debt service, and expansion. Topsoe's access to liquidity consists of cash and cash equivalents, including access to committed revolving credit facilities. The target is to maintain a minimum of DKK 500 million in unused committed revolving credit facilities at any time.

Restrictive covenants

Some of the financing arrangements of Topsoe are subject to financial covenants, and if violated, this could limit the ability to finance the Group's operations and capital needs for acquisitions and other business

activities. Covenants include equity ratio (min. 20%), interest coverage (min. 5), and leverage (net debt/EBITDA) requirements (max. 3.5).

Tax

Topsoe conducts business in several countries globally and is thus subject to multiple tax regimes. The combination of complexity in our business and our business structure requires a dedicated focus on tax management; a focus that always respects international tax principles and local tax law, while managing the tax cost and tax risk of Topsoe. As a member of the global community, Topsoe has a responsible, transparent and consistent approach to all tax matters and is obligated and committed to comply with the tax legislation of the countries in which the company operates. In cases where legislation is unclear and/or inconsistencies exist between case law and legislation, we seek to clarify this by either obtaining an external opinion or in dialog with the relevant authorities. Topsoe's tax governance is documented in our global tax policy, available at our website.

➔ www.topsoe.com/taxpolicy



Sustainability performance

Topsoe is committed to act responsibly by making meaningful and innovative contributions toward solving global challenges while balancing the economic, social, environmental, and ethical aspects of its value chain.

As stated in Topsoe's Code of Conduct and in our Sustainability Policy, it is vital for us to conduct every aspect of our business with honesty, integrity, and openness, respecting human rights and the environment, as well as the interest of our employees, customers, and other business partners. In May 2020, Topsoe became a signatory to the UN Global Compact and is committed to align the company's activities to its Ten Principles.

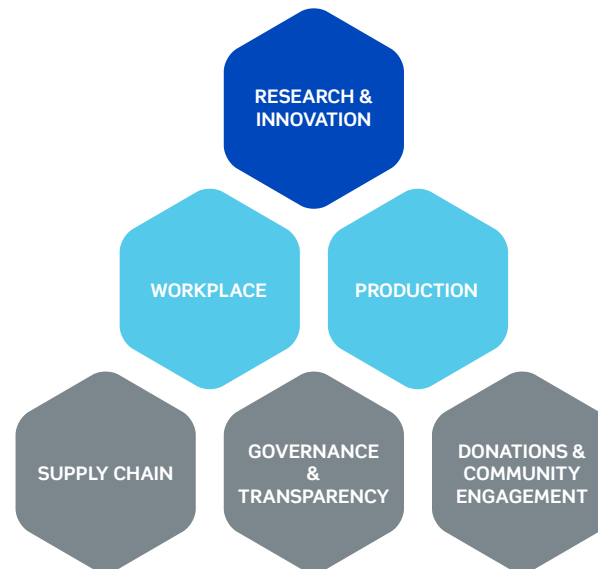
This is a summary of Topsoe's sustainability performance and progress in 2020. Topsoe's sustainability targets are listed on page 12, our business model and risk management are described on pages 11 and 22, respectively. Our response to COVID-19 is described on page 13. See Topsoe's Sustainability Report 2020 for more details:

➔ www.topsoe.com/SR20

Topsoe's sustainability activities are mainly driven by line of business, coordinated by the Sustainability team anchored in Global Strategy & Innovation, and overseen by Topsoe's Compliance & Sustainability Committee.

CODE OF CONDUCT

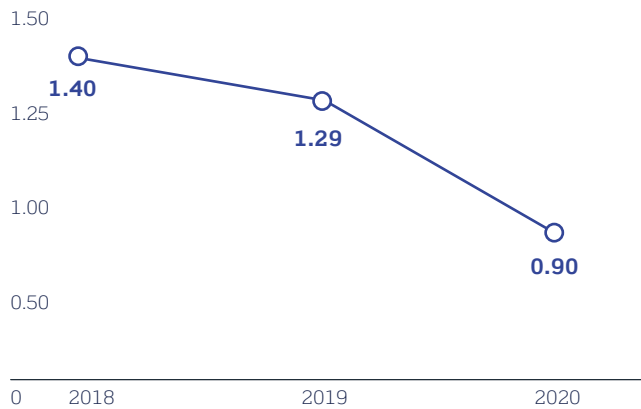
Topsoe's Code of Conduct and underlying policies put our company values into action and set standards for our behavior by outlining the requirements and regulations that employees must comply with in their daily work. An update of Topsoe's Code of Conduct was initiated during 2020 and will be launched to all employees in the first quarter of 2021.





SUSTAINABILITY PERFORMANCE

TOTAL RECORDABLE INCIDENT FREQUENCY



— Total recordable incident frequency (TRIF) per 200,000 working hours

HEALTH & SAFETY

In Topsoe, we will not compromise on safety, and we aspire towards 'Zero Harm'. Safety is our license to operate, and our employees must come home as safe and sound, as when they left for work. Our health, safety and environmental management system is based on international standards, such as ISO and Responsible Care®, which include regular risk assessments, internal spot checks, monitoring, and reporting. In November 2020, the global Health, Safety & Environment department was reinforced with new leadership reporting to the CEO.

By the end of 2020, the total recordable incident frequency (TRIF) per 200,000 working hours was 0.90, which is an improvement compared to 1.29 in 2019 and 1.40 in 2018. Our goal is to achieve a TRIF of 0.7 in 2021. Based on 2020 data, the main incident hazards related to the use of chemicals and the main injuries were head injuries.

Over the last years, we have seen a significant improvement in the number of incidents. However, to be in the top quartile of our industry, we still have some way to go. In 2021, we will be taking significant steps to renew and step up our approach to safety.

ENGAGEMENT & WELL-BEING

Global employee engagement and well-being surveys, called Topsoe Voices, are established feedback tools, which we use to actively involve employees in shaping the workplace at Topsoe.

Between May 2019 and August 2020, we have seen clear improvement on employee engagement and well-being, despite the impact of COVID-19 in the first half of 2020. The well-being score increased by 7 percentage points from 70%

in August 2019 to 77% in May 2020. The annual employee engagement score increased by 10 percentage points from 63% in May 2019 to 73% in August 2020, which is on par with the median benchmark of industry peers.

The second half of 2020 turned out to be somewhat turbulent for Topsoe employees due to profound transformation of the company and since COVID-19 once again reinforced the need for working from home. These factors combined clearly affected employee well-being, as evidenced by a 9 percentage point drop in the well-being score in December 2020 (68%) compared to May 2020 (77%). More than 2,200 comments and suggestions from employees on how to improve well-being serve as important input for initiatives and decisions in the time to come.

DIVERSITY

Topsoe – like its peers – is challenged by a typical underrepresentation of women in the technology and engineering sectors. Our global diversity policy seeks to increase the gender diversity at all management levels. For example, gender diversity is among the search criteria in professional search processes. Our diversity policy is available at:

topsoe.com/about/sustainability/workplace/diversity

By the end of 2020, the gender split among Topsoe employees was 26% female and 74% male compared to 27% female and 73% male in 2019. Among managers, the split was 22% female and 78% male, unchanged from 2019 and 2018. Topsoe did not reach the target of 30% women in management positions in 2020, partly because we have not been good enough at attracting women in our recruitment processes but also influenced by the reorganization and layoffs that took place in the second half of 2020.

SUSTAINABILITY PERFORMANCE

In the Senior Leadership Team, which has changed during 2020, the split is 33% female and 67% male, compared to 40% female and 60% male in 2019.

Gender split in Topsoe's Board of Directors is further described on page 29.

HUMAN & LABOR RIGHTS

Topsoe respects and strives to avoid causing any adverse impacts on international human and labor rights in relation to our employees, customers, or other stakeholders. Our commitment is anchored in Topsoe's Code of Conduct, Sustainability Policy, and other global policies covering diversity, fair and equal treatment, non-discrimination, health & safety, freedom of association, acceptable working hours, and remuneration. Topsoe's Supplier Code of Conduct outlines requirements regarding labor standards and health & safety toward suppliers, and Topsoe's Conflict Minerals Policy addresses human rights concerns in conflict areas.

The Compliance & Business Assurance team conducts annual compliance assessments related to human rights.

In 2020, we aligned our human rights impact assessment to the UN Guiding Principles on Business and Human Rights, and we updated Topsoe's Code of Conduct with a clearer reference to our human rights commitments, particularly within key areas such as labor rights and conflict minerals.

ENVIRONMENT

Our efforts to mitigate the environmental impacts of our production are guided by our global environmental policy which establishes precautionary management actions to mitigate and remedy potential adverse implications. Our environmental management system is based on international standards,

such as ISO and Responsible Care®, which include regular risk assessments, internal spot checks, monitoring, and reporting.

In November 2020, the Global Health, Safety & Environment department was reinforced with new leadership reporting to the CEO.

We take preventative measures to protect our operations from extreme weather conditions and natural disaster. In 2020, we e.g. finalized the construction of a dike to protect production facilities in Denmark against flooding.

In 2020, we have for the first time reported on Topsoe's full scope 1 and 2 greenhouse gas (GHG) emissions for assets where we have operational control, in accordance with the Greenhouse Gas Protocol. Topsoe's GHG emissions (scope 1 and 2, market-based) were 148,225 metric tons of CO₂ equivalents compared to 164,437 tons in 2019, driven in energy savings in our production, as well as variations in production mix.

With our recent commitment to the Science Based Targets initiative, we are determined to significantly reduce greenhouse gas emissions across our value chain during the coming decade, in support of the Paris Agreement. Until our long-term reduction targets are confirmed, our short-term target is a 15% reduction in 2021 (on a like-for-like basis, 2019 as baseline).

Key achievements in 2020 include an overall reduction in water consumption by 13% and energy savings of 7,211 MWh in our production in Denmark.

ANTI-CORRUPTION & BRIBERY

We have policies in place for giving and receiving hospitality, gifts, and entertainment, and we have third-party assurance and due diligence processes in place to support the continuing lawful conduct of our business and operations. 88% of our global workforce have completed Topsoe's mandatory e-learning course, which provides training within the areas of anti-corruption and anti-bribery (our year-end target is 90%).

With the implementation of Topsoe's Supplier Code of Conduct in 2020, we have further emphasized our standpoint on zero corruption and other business-critical requirements towards 46% of our key suppliers so far. Implementation of the Supplier Code of Conduct continues in 2021.

COMPLIANCE HOTLINE

Topsoe's global compliance hotline provides employees and external stakeholders with a channel for reporting concerns of unethical or unlawful behavior. The compliance hotline is publicly available at

🔗 topsoe.com/Compliance-Hotline

We received no substantiated reports through the Hotline in 2020.

POLICIES AND CERTIFICATIONS

Company policies and ISO certifications are available at

🔗 topsoe.com/about/sustainability/production



Our leadership

Corporate Governance

Topsoe's corporate governance structure specifies how the Group's business is led and controlled.

Supported by Topsoe's Code of Conduct and Topsoe's values, as expressed in the Topsoe Spirit, global interactions are aimed at perfecting chemistry for a better world and make a positive difference by delivering innovative carbon reduction technologies to customers.

2020 has brought many changes to Topsoe both as a company and as a business partner. The company's Employee Share Program attracted investments from almost 40% of all employees. Furthermore, Topsoe became a signatory to the UN Global Compact in May 2020.

A new CEO, Roeland Baan, was announced on February 17, 2020, to start in June 2020. One of his first actions was to initiate an internal stakeholder engagement program, getting in contact with more than 250 colleagues within the first month of his tenure – this was during a period where the spread of COVID-19 was well under control in Denmark.

A consolidated Senior Leadership Team was formed as one of the first steps to simplify business operations. Over the summer of 2020, this team was tasked with defining a new purpose and vision for the company, which was presented in August. This has

set out a new strategic direction for Topsoe to become the leader in carbon emission reduction technologies by 2024.

On September 8, 2020, a new top-level organizational design was presented to all employees as an important step in the company's transition to meet its 2024 vision. As part of the restructuring, almost 200 employees were made redundant.

The Board of Directors also welcomed a new member, as Temasek appointed Mr. Jan Kreibaum, who joined the Board on August 18, 2020.

A current list of all board members is available at our website.

🔗 topsoe.com/board-directors

SHAREHOLDERS

Haldor Topsoe A/S is owned by Haldor Topsøe Holding A/S (~69%), Dahlia Investment Pte. Ltd. (~29%) and company employees through the Employee Share Program (~1%).

Haldor Topsøe Holding A/S is fully owned by the Topsøe family. The family's strong commitment to Topsoe's long-term growth strategy and continued development is fundamental to maintaining an innovative and

sustainable company culture in line with the spirit of the company's founder.

Dahlia Investment Pte. Ltd. of Singapore is wholly owned by Temasek, an active investor committed to long-term investments and sustainable growth.

BOARD OF DIRECTORS

The Group has a two-tier management structure consisting of the Board of Directors and the Senior Leadership Team. The Board directs and supervises the Senior Leadership Team and has particular focus on formulating, revising, and reviewing the Group strategy. The two-tier management structure ensures complete separation of roles and responsibilities, where no person serves as a member of both.

DIVERSITY IN THE BOARD

The Board of Directors has eight members, not counting employee representatives. There is one female and seven male board members. The Board has set a target of two female board members by 2024 and will continue to focus on this target when evaluating the Board's composition, competencies, and potential future candidates.

The Board represents four different nationalities and a variety of backgrounds in business, engineering, physics, economy, and law. Coupled with extensive experience and expertise across a wide range of sectors, businesses, institutions, and geographies, this brings multiple perspectives into discussions and decisions and gives the Board a strong foundation for overseeing the company's strategy and operational performance.

BOARD COMMITTEES

Audit Committee

The Audit Committee is responsible for assisting the Board with oversight of the Group's financial performance, auditing, accounting, investments, and other relevant financial matters. The Audit Committee is appointed by the Board and consists of: Jakob Topsøe (Chairman), Jeppe Christiansen, and Rohit Sobti.

The charter of the Audit Committee is available at our website.

🔗 topsoe.com/about/corporate-governance/board-committees

CORPORATE GOVERNANCE

Remuneration Committee

Topsoe's Remuneration Committee is tasked with ensuring appropriate policies for fair employee, senior management, and Board pay. The Remuneration Committee is appointed by the Board and consists of: Jørgen Huno Rasmussen (Chairman), Jeppe Christiansen, Jakob Topsøe, and Benoit Valentin.

Innovation Committee

The Innovation Committee helps ensure that Topsoe remains a leader in catalytic innovation within its business areas. The Innovation Committee is appointed by the Board and consists of: Jens K. Nørskov (Chairman), Christina Topsøe, Rohit Sobti, and Anders Broe Bendtsen.

A current list of all members of the above committees is available at our website.

topsoe.com/about/corporate-governance/board-committees

SENIOR LEADERSHIP TEAM

The responsibility for the overall day-to-day management of Topsoe lies with the Senior Leadership Team. The team consists of the CEO and CFO, and the heads of Commercial, Strategy & Innovation, R&D, Supply, Legal Affairs, Human Resources, and Communications & Brand. Responsibilities include overall business conduct, drafting, setting, and implementing strategies and policies, and ensuring sufficient reporting to the Board of Directors.

COMPLIANCE & BEHAVIOR

Understanding external expectations, working diligently to meet these requirements, and staying true to the Topsoe Spirit is fundamental to Topsoe. Our Code of Conduct and underlying policies and procedures ensure that we comply with applicable international laws and regulations. The Topsoe Spirit defines our company values and guides our interactions, decisions, and actions.

ASSURANCE & DEVELOPMENT

Operating in a financially responsible manner, improving and certifying processes to meet high business standards, and developing our people are important elements to ensure a sustainable business model. Both external and internal measures are taken to audit, review, and continuously develop our processes, as well as our most valuable asset, our employees.



Board of Directors



JEPPE CHRISTIANSEN
Chairman

Jeppe Christiansen is CEO of Maj Invest Holding A/S as well as board member/ Executive Director in two wholly owned subsidiaries of this company. Mr. Christiansen is Vice Chair and member of the Board of Novo Nordisk A/S. He is Chairman of Emlika Holding ApS and two wholly owned subsidiaries of this company, as well as Chairman of JEKC Holding ApS. He is a member of the Boards of Novo Holdings A/S, KIRKBI A/S, BellaBeat Inc., Pluto Naturfonden, and Randers Regnskov, and member of the Board of Governors of Det Kgl. Vajsenhus. Mr. Christiansen is Adjunct Professor, Department of Finance, Copenhagen Business School. He holds an MSc in Economics from the University of Copenhagen, Denmark.



JAKOB HALDOR TOPSØE
Vice Chairman

Jakob Haldor Topsøe is Chairman of the Board of Haldor Topsøe Holding A/S and a member of the Board of IGM Biosciences, Inc. Before devoting his time to the commercial interests of the Topsøe family, Mr. Topsøe had a 20-year career in investment banking with organizations such as ABN AMRO Bank, Alfred Berg, and AMBROX Capital. In addition, he has held a number of board positions in companies unrelated to the Topsøe family. Mr. Topsøe remains Associated Partner at AMBROX Capital A/S. Mr. Topsøe holds a Graduate Diploma in Business Administration from Copenhagen Business School, Denmark.



BENOIT VALENTIN
Vice Chairman

Benoit Valentin joined Temasek International (Europe) Limited in 2014 as a Senior Managing Director. He is currently deputy head of EMEA, Global Head of Private Equity Fund Investments and Global Head of Impact Investing. Prior to this, Mr. Valentin was a Partner at Cinven, a European private equity fund, for eight years. He worked for twelve years for Goldman Sachs in Europe and Asia, including a position as Managing Director for GS Capital Partners, the private equity arm of Goldman Sachs. Earlier positions include Analyst at Clinvest (Credit Lyonnais' mergers & acquisitions arm) and First Lieutenant in the French navy. Mr. Valentin holds an MSc in Business from HEC Paris (École des Hautes Études Commerciales de Paris), France.



JAN KREIBAUM
Member

Jan Kreibaum is senior advisor focusing on China-specific strategies along the chemicals value chain and serving in roles with industry association boards in China, including the European Chemical Industry Council (Cefic) and the China Petroleum and Chemical Industry Federation (CPCIF). Mr. Kreibaum has 30 years of professional experience in Asia and has previously been regional president with Clariant Chemicals (China) and held executive positions with Knauf Asia-Pacific, BASF East Asia, and Ciba. He holds a M.Eng. (Chem.) from McGill University.

BOARD OF DIRECTORS



JENS KEHLET NØRSKOV
Member

Jens K. Nørskov is the Villum Kann Rasmussen Professor, Catalysis Theory Center, Technical University of Denmark (DTU). Previously, he held the Leland T. Edwards professorship, School of Engineering, Stanford University. He is a member of the editorial board of several journals and has received numerous honors and awards. Dr. Nørskov is Chairman of the Board of The Danish National Research Foundation. He holds a PhD from Aarhus University, Denmark, and honorary doctorates from Technical University of Eindhoven, Norwegian University of Science and Technology, and Technical University of Munich.



JØRGEN HUNO RASMUSSEN
Member

Jørgen Huno Rasmussen is Vice Chairman of the Boards of Terma A/S and Rambøll Group A/S. He is a member of the Boards of Bladt Industries A/S, Otto Mønsted A/S, Thomas B. Thriges Foundation, Aase and Jørgen Münters Foundation, STIBOFONDEN, and Stibo Holding A/S. Mr. Rasmussen has previously been CEO of FLSmidth & Co. A/S and Hoffmann A/S. He holds an MSc and a PhD from the Technical University of Denmark, and a Graduate Diploma in Business Administration from Copenhagen Business School, Denmark, where he is Adjunct Professor.



ROHIT SOBTI
Member

Rohit Sobti is MD, Investments, in Temasek's Industrials, Business Services and Energy cluster. He joined Temasek in 2007 as Director, Investments, in the TMT cluster and from 2010 to 2013, he was part of the Strategy Unit. Before joining Temasek, Mr. Sobti was regional telecom analyst for Asia at Citigroup and Prudential-Bache Securities for 11 years. Prior to becoming an equity analyst, Rohit was a manager at Afro-Asian Satellite Communications (ASC) and a telecoms industry consultant with AT Kearney Inc.



CHRISTINA TENG TOPSØE
Member

Christina Teng Topsøe is a former lawyer and practiced law in London and Singapore for Allen & Overy and Simpson, Thacher and Bartlett. Ms. Topsøe is a member of the boards of Haldor Topsøe Holding A/S and IGM Biosciences, Inc. She studied Chinese at University of Copenhagen / Peking University and law at the University of London. She holds an MBA from London Business School, Great Britain, and Columbia Business School, US.

BOARD OF DIRECTORS

ANDERS BROE BENDTSEN
Employee representative

Anders Broe Bendtsen is Senior Patent Counsel in the Intellectual Property Department. He has been with Topsoe since 2010 and has been a member of the Works Council and Chairman of the Board of the Topsoe Engineers Company Group. Mr. Bendtsen holds a PhD in Chemical Engineering from the Technical University of Denmark and is a registered European Patent Attorney.



CHRISTINA BORCH
Employee representative

Christina Borch is Group Manager in the technical department with responsibility for support and maintenance projects in Frederikssund, Denmark. She has been with Topsoe since 1992, working with R&D, product management and production. Lately, she has primarily worked in management. Ms. Borch holds an Academy Profession Degree in technology.



JETTE SØVANG CHRISTIANSEN
Employee representative

Jette Søvang Christensen is EHS System Manager in Catalyst Production in Frederikssund, Denmark. Ms. Christensen holds an Academy Profession Degree in technology. She has been with Topsoe since 1986.



LIS IBSEN
Employee representative

Lis Ibsen is Research Specialist in Research & Development, where she has been working with developing, testing, and characterization of catalysts since 1998. Ms. Ibsen holds a Professional Bachelor's Degree as a Laboratory Technician specializing in chemistry.

Senior Leadership Team



ROELAND BAAN
Chief Executive Officer

Roeland Baan joined Topsoe as President and CEO in June 2020. From 2016, Mr. Baan was President and CEO of Outokumpu, a global stainless steel company listed on the Finnish stock exchange. Previously, Mr. Baan held a wide range of global CEO and Executive Vice President (EVP) positions at Aleris International, Arcelor Mittal, SHV NV, and Shell.

Mr. Baan is Chairman of the Board of SBM Offshore NV.

Mr. Baan holds an MSc in Economics from Vrije Universiteit Amsterdam, the Netherlands.



PHILIP EICKHOFF
Chief Financial Officer

Philip Eickhoff joined Topsoe as Chief Financial Officer in November 2020. From 2014, Mr. Eickhoff served as CFO of Atos Medical, a private equity-owned medical technology company. Previously, he held several leadership positions at Coloplast, including Regional CFO of North America and VP Strategy & M&A.

Mr. Eickhoff has a consulting background from Bain & Company where he served both corporate and private equity clients on strategic and M&A engagements.

He holds an MSc in Finance and Accounting from Copenhagen Business School, Denmark, and University of Michigan, US.



AMY HEBERT
Chief Commercial Officer

Amy Hebert is responsible for the company's three business areas, global sales and service, and business development. She joined Topsoe in February 2018. Ms. Hebert has more than 25 years' experience in the chemical industry and has previously been Vice President Europe with Celanese and Global Vice President Catalysts with Albemarle.

Ms. Hebert is a member of the Supervisory Board of IMCD N.V. and is on the Boards of AmCham Denmark and Fulbright Denmark.

Ms. Hebert holds a BSc in Chemical Engineering from Georgia Institute of Technology, Atlanta, Georgia, US.



KIM GRØN KNUDSEN
Chief Strategy & Innovation Officer

Kim Grøn Knudsen has been a member of Topsoe's Senior Leadership Team since 2012 and has headed the New Business, Environmental Business, and Refinery Business units. Before that, he held a number of positions within Topsoe's Research & Development, including Vice President. Mr. Knudsen joined Topsoe in 1996, leaving a position as Research Associate Professor at the Technical University of Denmark.

Mr. Knudsen holds a MSc and a PhD in Chemical Engineering from the Technical University of Denmark

Mr. Knudsen is the author or co-author of more than 70 papers and patents.

SENIOR LEADERSHIP TEAM



KIM S. HEDEGAARD
Chief Operating Officer

Kim Hedegaard is in charge of Global Supply. He joined Topsoe in 1999 and has held various leadership positions in the company within engineering, technology, and sales. He has been globally responsible for Catalyst Production and Technology since 2017.

Mr. Hedegaard serves as Vice Chairman of the Board of Process Industry, a member organization under the Confederation of Danish Industries. He is also a member of the Board at the secondary education institution U/NORD and of the Board at FlexHospital.

Mr. Hedegaard holds an MSc in Chemical Engineering from the Technical University of Denmark.



JESPER NERLOV
Chief Technology Officer

Jesper Nerlov joined Topsoe in 1998 and has overseen Topsoe's Research & Development since 2008.

Mr. Nerlov is a member of the Board of the Danish Eco-Innovation Program (MUDP) under the Ministry of Environment of Denmark. He also serves as Vice Chairman of the Danish Environmental Technology Association, member of the Board of Representatives of the Technical University of Denmark, member of the Confederation of Danish Industries' Committee for Research and Education, and member of the Advisory Board for Science at the University of Copenhagen.

Mr. Nerlov holds a PhD in Physical Chemistry from the University of Copenhagen, Denmark.



PETER KIRKEGAARD
Chief Human Resources Officer

Peter Kirkegaard joined Topsoe in January 2021. Since 2016, he served as Executive Vice President, Chief People & Culture Officer, at Hempel A/S, which he joined in 2007 as Vice President. Before that, Mr. Kirkegaard had a 15-year career with Accenture as Partner leading the Human Performance and Finance & Performance Management service lines.

Mr. Kirkegaard holds an MSc in Political Science from University of Aarhus, Denmark, and an MA in International Relations from University of Reading, UK.



LENE RAMM
Group General Counsel

Lene Ramm has been with Topsoe since 2003. Before joining Topsoe, Ms. Ramm served as Attorney-at-Law at Kromann Reumert and Head of Section in the Danish Ministry of Foreign Affairs.

Ms. Ramm holds an MA in Law from the University of Copenhagen, Denmark, and a supplementary degree in Business Administration and Management from Columbia Business School, US.



KRISTINE AHRENSBACH
Chief Communications & Brand Officer

Kristine Ahrensbach joined Topsoe in 2014. Previously, she held positions as Director of Corporate Communications at Chr. Hansen, Brand Manager at the Danish Agriculture & Food Council, Danish Crown and Arla Foods and as consultant for International Internship Programs based in Tokyo.

Ms. Ahrensbach holds an MA in Japanese, French, and Business Administration from the University of Copenhagen, Denmark, and a supplementary degree in Corporate Communications from Copenhagen Business School (CBS), Denmark. External examiner since 1997 at Copenhagen Business School (CBS).

Financial statements



Consolidated income statement

DKK million	Note	2020	2019
Revenue	3	6,179	5,897
Change in inventories of finished goods and intermediate products		62	268
Other operating income	4	76	73
Purchased equipment for contract work		-570	-539
Raw materials and consumables used		-1,904	-2,031
Other external expenses		-1,054	-886
Gross profit		2,789	2,782
Staff expenses	5	-1,611	-1,657
EBITDA		1,178	1,125
Depreciation, amortization and impairment losses	6	-325	-319
EBIT before special items		853	806
Special items	7	-275	136
EBIT after special items		578	942
Result of investments in joint ventures and associated companies	8	-8	9
Financial income	9	108	88
Financial expenses	10	-129	-101
Profit before tax		549	938
Tax	11	-114	-224
Profit from continuing operations		435	714
Profit from discontinuing operations	11, 39	45	0
Net profit		480	714
Profit attributable to:			
Owners of the parent company		481	716
Non-controlling interest		-1	-2
Net profit		480	714

Consolidated statement of comprehensive income

DKK million	Note	2020	2019
Net profit		480	714
Foreign currency translation adjustment	20	-108	25
Derivative financial instruments used for hedging of future cash flows	20	0	2
Other	20	1	3
Items that may be reclassified to the income statement		-107	30
Financial assets measured at fair value through other comprehensive income	20	-38	-65
Actuarial adjustments on pension obligations		-2	5
Tax on this		1	-1
Items that will not be reclassified to the income statement		-39	-61
Other comprehensive income		-146	-31
Total comprehensive income		334	683
Continuing operations		289	683
Discontinuing operations		45	0
Total comprehensive income		334	683
Attributable to:			
Owners of the parent company		335	685
Non-controlling interests		-1	-2
Total comprehensive income		334	683

Consolidated balance sheet

Assets

<i>DKK million</i>	Note	December 31 2020	December 31 2019	January 1 2019	<i>DKK million</i>	Note	December 31 2020	December 31 2019	January 1 2019
Rights		22	26	16	Inventories	15	1,492	1,490	1,138
Patents		64	48	41	Trade receivables	16	1,079	1,232	717
Software		32	33	15	Contract work in progress	3,17	188	284	187
Intangible assets under construction		44	19	4	Receivables from the parent company		1	1	190
Intangible assets	12	162	126	76	Finance lease receivables	14	2	1	1
Land and buildings		874	996	474	Tax receivable		62	31	0
Plant and machinery		612	710	740	Other receivables	18	63	180	121
Other fixtures and equipment		221	200	215	Prepayments		17	22	18
Property, plant and equipment under construction		466	336	345	Receivables		1,412	1,751	1,234
Property, plant and equipment	13	2,173	2,242	1,774	Cash		1,175	787	761
Investments in associated companies	14	3	10	0	Current assets		4,079	4,028	3,133
Finance lease receivables	14	5	7	8	Assets		6,688	6,694	5,356
Deferred tax asset	23	8	0	0					
Other securities and investments	14	232	255	344					
Other receivables	14	26	26	21					
Investments		274	298	373					
Non-current assets		2,609	2,666	2,223					

Consolidated balance sheet

Equity and liabilities

<i>DKK million</i>	Note	December 31 2020	December 31 2019	January 1 2019	<i>DKK million</i>	Note	December 31 2020	December 31 2019	January 1 2019
Share capital	19	379	376	376	Bonds		0	499	0
Share premium	19	68	0	0	Mortgage debt		0	0	3
Revaluation reserve	20	0	0	0	Credit institutions		123	94	161
Foreign currency translation reserve	20	-44	63	35	Lease liabilities		76	74	0
Reserve for unpaid share capital	20	0	0	241	Prepayments from customers	3	475	495	418
Reserve for financial assets measured at fair value	20	35	73	138	Contract work in progress	3, 17	903	961	492
Reserve for value adjustment of hedging instruments	20	0	0	-2	Trade payables		419	514	395
Reserve for Employee Share Program	20	3	0	0	Corporate income tax		1	0	216
Retained earnings		1,698	1,218	258	Other payables	25	564	592	603
Equity attributed to the owners of the parent company		2,139	1,730	1,046	Deferred income		46	45	14
Non-controlling interest		8	9	10	Current liabilities		2,607	3,274	2,302
Total equity		2,147	1,739	1,056	Liabilities		4,541	4,995	4,300
Pension obligations and similar obligations	22	42	38	43	Equity and liabilities		6,688	6,694	5,356
Deferred tax	23	419	405	313					
Provisions	24	290	211	287					
Bonds		0	0	499					
Mortgage debt		0	0	27					
Credit institutions		574	438	698					
Lease liabilities		509	553	129					
Other payables	25	100	36	2					
Non-current liabilities		1,934	1,681	1,998					

Consolidated statement of changes in equity

<i>DKK million</i>	Share capital	Share premium	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Equity at January 1, 2020	376	0	136	1,218	1,730	9	1,739
Net profit	0	0	0	481	481	-1	480
Other comprehensive income	0	0	-145	-1	-146	0	-146
Comprehensive income	0	0	-145	480	335	-1	334
Capital increase	3	68	0	0	71	0	71
Employee Share Program - value of employee services	0	0	3	0	3	0	3
Transactions with owners	3	68	3	0	74	0	74
Equity at December 31, 2020	379	68	-6	1,698	2,139	8	2,147

<i>DKK million</i>	Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Total equity
Equity at January 1, 2019	376	652	258	1,286	10	1,296
Change in accounting policy prior year (see note 1)	0	-240	0	-240	0	-240
Restated equity at January 1, 2019	376	412	258	1,046	10	1,056
Net profit	0	0	716	716	-2	714
Other comprehensive income	0	-35	4	-31	0	-31
Comprehensive income	0	-35	720	685	-2	683
Paid-in share capital	0	-241	241	0	0	0
Change in minority	0	0	-1	-1	1	0
Transactions with owners	0	-241	240	-1	1	0
Equity at December 31, 2019	376	136	1,218	1,730	9	1,739

Consolidated cash flow statement

DKK million	Note	2020	2019	DKK million	Note	2020	2019
Net profit		480	714	Raising of long-term loans		261	0
Adjustments for non-cash items	34	632	363	Repayment of long-term loans		-596	-360
Change in working capital	35	177	-338	Principal elements of lease payments		-75	-78
Change in working capital, parent company		-1	-174	Received share capital		71	241
Cash flows from operating activities before financial items and tax		1,288	565	Cash flows from financing activities		-339	-197
Interest received, etc.		68	45	Change in cash and cash equivalents		407	22
Interest paid, etc.		-113	-81	Cash and cash equivalents at January 1		787	761
Cash flows from ordinary activities		1,243	529	Foreign currency translation adjustments		-19	4
Corporation tax paid		-129	-222	Cash and cash equivalents at December 31		1,175	787
Cash flows from operating activities		1,114	307	Cash		1,175	787
- of which continuing operations		1,149	307	Cash and cash equivalents at December 31		1,175	787
Purchase of intangible assets		-66	-77				
Purchase of property, plant and equipment		-325	-213				
Sale of property, plant and equipment		1	151				
Purchase of non-current financial assets		-20	-18				
Sale of fixed asset investments		2	16				
Dividend received		40	43				
Business combination		0	10				
Cash flows from investing activities		-368	-88				

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Notes to the consolidated financial statements

Note 1 Accounting policies

BASIS OF PREPARATION

The consolidated financial statements of Haldor Topsoe A/S have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, as well as additional Danish disclosure requirements applying to large enterprises of reporting class C.

The accounting policies are unchanged from last year, except from what is mentioned below.

Land and buildings

The accounting policy for Land and buildings has been changed from measurement in accordance with the revaluation model to measurement at cost less accumulated depreciation and impairment losses. The effect of this change is reflected in the table to the right.

The effect of change in accounting policy of Land and buildings

	December 31, 2020			December 31, 2019			January 1, 2019		
	Cost principle, new	Fair value principle, previous	Increase/-decrease	Cost principle, new	Fair value principle, previous	Increase/-decrease	Cost principle, new	Fair value principle, previous	Increase/-decrease
<i>DKK million</i>									
Income statement									
Gross profit	2,789	2,789	0	2,782	2,695	87	2,620	2,620	0
EBITDA	1,178	1,178	0	1,125	1,038	87	1,036	1,036	0
EBIT after special items	578	578	0	942	855	87	708	708	0
Profit from continuing operations	435	435	0	714	627	87	507	507	0
Net profit	480	480	0	714	627	87	491	491	0
Balance sheet									
Assets									
Land and buildings	874	1,106	-232	996	1,228	-232	474	782	-308
Non-current assets	2,609	2,841	-232	2,666	2,898	-232	2,223	2,531	-308
Assets	6,688	6,920	-232	6,694	6,926	-232	5,356	5,664	-308
Equity									
Revaluation reserve	0	161	161	0	161	161	0	221	221
Foreign currency translation reserve	-44	-23	21	62	83	21	35	54	19
Equity	2,139	2,321	182	1,730	1,912	182	1,046	1,286	240
Liabilities									
Deferred tax	419	469	50	405	455	50	313	381	68
Non-current liabilities	1,934	1,984	50	1,681	1,731	50	1,998	2,066	68
Equity and liabilities	6,688	6,920	232	6,694	6,926	232	5,356	5,664	308

Note 1 Accounting policies (continued)

Special items

Special items are used in connection with the presentation of profit or loss for the year to distinguish consolidated profit from exceptional items, which by their nature are not related to the Group's ordinary operations or investment in future activities.

Special items comprise:

- > Restructuring costs, impairment costs, etc. relating to fundamental structural, procedural and managerial reorganizations as well as any related gains or losses on disposals
- > Transaction and restructuring costs relating to acquisition and divestment of enterprises

In the classification of special items, judgement is applied in ensuring that only exceptional items not associated with the ordinary operations of the Group are included.

<i>DKK million</i>	2020	2019
Restructuring cost	-162	0
Legal costs regarding two special cases	-71	0
Adjustment of scrap values on buildings	-42	0
Gain from selling surplus land	0	128
Revenue related to suspended Topsoe license	0	34
Goodwill impairment loss regarding restructuring	0	-26
Total special items	-275	136

If special items had been recognized in 'EBIT before special items', they would have been included in the following line items:

Revenue	0	34
Other operating income	0	128
Other external expenses	-113	0
Staff expenses	-162	0
Depreciation, amortization and impairment losses	0	-26
Total special items	-275	136

New standards, amendments and interpretations adopted by Topsoe

Topsoe has implemented amendment to IFRS 3, Business Combinations, and IFRS 9, Financial Instruments, for the financial year 2020. Topsoe has assessed the effect of the new standards, amendments and interpretations and concluded that all standards, amendments and interpretations effective for financial years beginning on or after January 1, 2020 are either not relevant to Topsoe or have no significant effect on the consolidated financial statements of Topsoe.

New standards, amendments and interpretations adopted but not yet effective

The following new standards, amendments and interpretations of relevance to Topsoe have been adopted by the IASB and adopted by the EU. The standards are not yet effective and will therefore not be implemented in the consolidated financial statements of Topsoe until they take effect.

- > Currently, there are no new standards, amendments and interpretations which have been adopted by the IASB and adopted by the EU that are relevant to Topsoe

The IASB has issued the following new standards, amendments and new interpretations that are relevant to Topsoe, but which have not yet been adopted by the EU:

- > IFRS 3, Business Combinations: Three minor amendments will be made to IFRS 3, comprising e.g. an update of the reference to the framework. An exemption from the framework will be incorporated with respect to provisions and a clarification will be made in relation to contingent assets.

The amendment will be effective for financial years beginning on or after January 1, 2022.

Note 1 Accounting policies (continued)

> IFRS 16, Leases: The amendment clarifies that modifications resulting from COVID-19 should not be treated as modifications for accounting purposes even though they meet the definition of a modification of a lease according to the standard.

The amendment will be effective for financial years beginning on or after June 1, 2020.

> IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: IBOR reform, phase 2. A number of amendments which may help enterprises resolve the accounting issues arising from changes in contractual cash flows or hedging conditions during implementation of the IBOR reform. The amendments pertain to modifications, hedge accounting and disclosure requirements.

The amendment will be effective for financial years beginning on or after January 1, 2021.

> IAS 1, Presentation of Financial Statements: Clarification of the definition of current liabilities to be based on the rights existing at the balance sheet date. The requirement for an unconditional right to postpone payment for 12 months from the balance sheet date is accordingly changed to a right to defer payment for 12 months from the balance sheet date.

The amendment will be effective for financial years beginning on or after January 1, 2022. The amendment becomes effective one year later as a result of COVID-19, i.e. for financial years beginning on or after January 1, 2023.

> IAS 16, Property, plant and equipment: The amendment clarifies that proceeds from an item of property, plant and equipment under construction before the asset is ready for use cannot be offset against the cost of the asset, but is instead to be recognized as income.

The amendment will be effective for financial years beginning on or after January 1, 2022.

> IAS 37, Provisions, Contingent Liabilities and Contingent Assets: The amendment specifies that all 'directly related' costs should be considered when determining whether a contract is onerous. The amendment also provides examples of costs which are considered directly related to a contract and costs which are not.

The amendment will be effective for financial years beginning on or after January 1, 2022

> Annual improvements 2018-2020: IFRS 9 Financial Instruments concerning fees included in the test to determine whether a financial liability is modified or repaid. Amendment of examples provided in IFRS 16.

The amendment will be effective for financial years beginning on or after January 1, 2022.

Topsoe expects to implement these new standards, amendments and interpretations when they take effect. None of these are expected to have a significant impact on the consolidated financial statements of Topsoe.

GENERAL

The consolidated financial statements have been prepared in accordance with the historical cost convention, except for the following items that are stated at fair value:

> Financial assets measured at fair value through other comprehensive income

> Derivative financial instruments

Part of the information required by IFRS appears from Management's Review. The remaining information appears from the following sections.

Consolidation

The consolidated financial statements comprise the parent company, Haldor Topsoe A/S, and enterprises in which the parent company directly or indirectly holds the majority of the voting rights or in which the parent company through share ownership or otherwise exercises control.

Consolidation is performed by summarizing the financial statements of the parent company and Group enterprises, which have been prepared in accordance with the Group's accounting policies.

On consolidation, elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realized and unrealized profits and losses on transactions between the consolidated enterprises.

The parent company's investments in consolidated Group enterprises are set off against the parent

company's share of the net asset value of Group enterprises at the time of consolidation.

The non-controlling interest's share of profit for the year and of equity in subsidiaries which are not wholly owned is included as part of the Group's profit and equity, respectively, but shown as separate items.

Business combinations

On acquisition of new enterprises, the purchase method is applied. Cost is measured at fair value of the consideration. Identifiable assets and liabilities and contingent liabilities acquired in connection with the business combination are initially measured at fair value at the date of acquisition. Any positive differences between cost and fair value of the acquired identifiable net assets are recognized as goodwill. Goodwill is adjusted until 12 months after the date of acquisition if it turns out that the identifiable assets, liabilities and contingent liabilities have another fair value than determined at the date of acquisition.

Newly acquired enterprises are recognized from the date of acquisition and comparatives are not restated.

In stepwise acquisitions, value adjustments of previously recognized investments are recognized in the income statement. The effect of the purchase of non-controlling interests without change of control is included directly in equity.

Functional and presentation currency

Items in the financial statements of each of the Group's enterprises are presented in the currency used in the primary economic environment in which

Note 1 Accounting policies (continued)

the enterprise operates. The consolidated financial statements are presented in Danish kroner (DKK), which is the functional and presentation currency of the parent company.

Translation policies

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of transaction on initial recognition. Foreign currency monetary items are translated into the functional currency at the exchange rates prevailing at the balance sheet date.

Financial statements of Group enterprises with another functional currency than Danish kroner are translated into Danish kroner using the exchange rates prevailing at the balance sheet date for balance sheet items and average exchange rates for income statement items.

Realized and unrealized foreign exchange gains and losses are recognized in financial income and financial expenses, except for unrealized losses and gains arising from hedging of future cash flows, which are recognized through comprehensive income under reserve for value adjustment of hedging instruments. In addition, the following currency translation differences are recognized through comprehensive income under the foreign currency translation reserve, using the exchange rates prevailing at the balance sheet date:

- > Translation of Group enterprises' net assets at the beginning of the financial year.
- > Translation of Group enterprises' income statements from average exchange rates to the exchange rates prevailing at the balance sheet date.

- > Translation of non-current intercompany balances that are considered an addition to the net investment in Group enterprises.

Derivative financial instruments

Derivative financial instruments are initially recognized in the balance sheet at fair value and are subsequently remeasured at their fair values. Positive and negative fair values of derivative financial instruments are recognized in 'Other receivables' and 'Other payables'.

Changes in the fair values of derivative financial instruments that qualify as hedges of expected future cash flow are recognized through comprehensive income. Amounts recognized through comprehensive income are transferred to the income statement in the period when the hedged item affects the income statement.

Changes in the fair values of derivative financial instruments that do not qualify as hedges are recognized in the income statement. The fair values of derivative financial instruments are determined based on prices obtained from stock exchanges or other reliable data sources.

Non-current assets (or disposal groups) held for sale and discontinuing operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits and financial assets

that are carried at fair value, which are specifically exempt from this requirement.

An impairment loss is recognized for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognized for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognized. A gain or loss not previously recognized by the date of the sale of the non-current asset (or disposal group) is recognized at the date of sale or disposal.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortized while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognized.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

A discontinuing operation is a component of an entity that has been disposed of or is classified as held for sale and which represents a separate major line of business or geographical area of operations or is part of a single coordinated plan to dispose of such a line of business or area of operations. The results of discontinuing operations are presented separately in the income statement.

INCOME STATEMENT

Revenue

Revenue from the sale of finished goods is recognized in the income statement when control has been transferred to the customer, i.e. when goods are delivered. Revenue is recognized exclusive of VAT and net of discounts relating to sales.

Contract work in progress is recognized based on the stage of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenue and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that economic benefits, including payments, will flow to the Group.

Other operating income

Other operating income comprises income of a secondary nature to the Group's core activities, including government grants provided for research projects.

Purchased equipment for contract work

Purchased equipment for contract work comprises hardware etc. related to engineering projects.

Raw materials and consumables used

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

Note 1 Accounting policies (continued)

Other external expenses

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

Employee Share Program

The Employee Share Program is considered an equity-settled program. When the employees of the Group are offered to purchase shares in Haldor Topsoe A/S at a price below market value, the discount element is expensed as a cost in 'Staff expenses' during the duration of the program. The contra entry is included directly in the equity reserve for the Employee Share Program as a transaction with owners. The discount element is calculated as the difference between the market price and the purchase price.

The Phantom Program is considered a cash-settled program. The invested amount is considered as a non-current liability. The annual fair value adjustment is expensed as cost in 'Staff expenses'.

Government grants

Government grants received for research and development projects are recognized in 'Other operating income' as the projects progress. Grants received for investments in property, plant and equipment are set off against the related property, plant and equipment, if directly related. Otherwise grants are recognized as deferred income and systematically recognized in 'Other external expenses' over the useful life of the asset.

Leases

Topsoe as lessee recognizes all leases as a lease asset and a lease liability in the balance sheet with

two exceptions: short-term leases (less than 12 months) and leases relating to low-value assets. It must furthermore be considered whether the agreement is a lease or a service arrangement. The Group applies a single discount rate to portfolios of leases with similar characteristics. Leases in the income statement are recognized as a depreciation of the asset and an interest expense for the financial liability.

When Topsoe is lessor in a lease agreement classified as operational lease, the lease asset is recognized as property, plant and equipment and depreciated over the useful life. Lease income is recognized in 'Revenue'.

Special items

Special items include significant income and costs which cannot be attributed directly to the Group's ordinary operating activities. These are irregular and non-recurring in nature. This includes cost and income related to significant organizational restructuring or M&A activities (including transaction and integration cost).

Tax

Tax consists of current tax for the year, deferred tax as well as any adjustments to prior years. Tax attributable to the profit for the year is recognized in the income statement, whereas tax attributable to other comprehensive income transactions is recognized through other comprehensive income.

Haldor Topsoe A/S and Danish Group enterprises are jointly taxed. Tax for the individual companies is allocated fully on the basis of expected taxable income.

BALANCE SHEET

Intangible assets

Goodwill

Goodwill consists of the positive difference between cost and fair value of identifiable net assets in the acquired enterprise. Goodwill is measured at historical cost less accumulated impairment losses. Goodwill is tested for impairment once a year and when there is an indication of impairment. Goodwill is written down to the recoverable amount. The recoverable amount is determined as the higher of net selling price and present value of expected cash flows of the cash-generating unit to which goodwill has been allocated. Impairment indicators comprise e.g.:

- > Reduced earnings compared to expected future results
- > Material negative development trends in the sector or the economy in the markets of the enterprise.

Impairment loss relating to goodwill is not reversed.

Development projects

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognized as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover the cost of sales and distribution involved as well as the development costs.

Development projects that do not meet the Group's criteria for recognition in the balance sheet and research expenses are recognized as expenses in the income statement as incurred.

Other intangible assets

Rights and patents are measured at cost less accumulated amortization and impairment losses. Both rights and patents are amortized on a straight-line basis over the remaining patent term, but not exceeding 10 years, due to the notoriously fast development in applied technologies and related uncertainty about longer amortization period.

Internally developed software for major projects is measured at cost less accumulated amortization and impairment losses. Software is amortized on a straight-line basis over 4 years.

Other intangible assets are tested for impairment when there is an indication of impairment. Material impairment indicators which may lead to an impairment test are similar to those stated in the section on goodwill.

Impairment losses relating to other intangible assets are reversed if the recoverable amount subsequently increases.

Gains or losses from divestment of intangible assets are recognized in the income statement under 'Other external expenses'.

Property, plant and equipment

Property, plant and machinery and other fixtures and equipment are measured at cost less accumulated

Note 1 Accounting policies (continued)

depreciation and impairment losses. Property, plant and equipment under construction are measured at cost.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use as well as costs of restoration to the extent that a provision is recognized at the same time.

In the case of assets of own construction, cost comprises direct and indirect expenses for labor, materials, components and sub-suppliers. Borrowing costs related to construction of major property, plant and equipment are recognized in cost over the period of construction.

Property, plant and equipment are divided into sub-assets if the future useful life of the individual assets is different.

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

Buildings	13–40 years
Plant and machinery	5–10 years
Other fixtures and equipment	4–20 years

Land is not depreciated.

The residual value and useful lives of the assets are assessed annually and adjusted if necessary at the balance sheet date.

Property, plant and equipment are tested for impairment when there is an indication of impairment. Impairment indicators are similar to those stated in the section on goodwill. Additionally, indicators comprise damage to the asset or changed use of the asset.

Impairment losses relating to property, plant and equipment are reversed if the recoverable amount subsequently increases.

Gains and losses from sale of property, plant and equipment are recognized in the income statement under 'Other external expenses'.

Investments in joint ventures and associated companies

Investments in joint ventures and associated companies are recognized and measured under the equity method.

The item 'Result of investments in joint ventures and associated companies' in the income statement includes the proportionate share of the result after tax.

Other securities and investments

Investments are measured at fair value at the balance sheet date.

Fair value adjustments are recognized through other comprehensive income under the 'Reserve for financial assets measured at fair value'.

Securities in the form of loans are measured in the balance sheet at amortized cost less expected credit loss.

Inventories

Inventories are measured at cost under the FIFO method. Cost is determined using a standard cost method that includes direct and indirect production costs. Direct production costs comprise raw materials, consumables and direct labor costs, whereas indirect production costs comprise indirect materials and labor costs, maintenance and depreciation of machinery, production buildings and equipment used in the production process as well as the cost of plant administration and management.

Please refer to note 2 'Key accounting estimates and judgements' for information about write-downs.

Receivables

Receivables are measured in the balance sheet at amortized cost less expected credit loss.

Contract work in progress

Contract work in progress is measured at the selling price of the work completed calculated on the basis of the stage of completion. The stage of completion is determined on the basis of the share of contract costs incurred compared to the total expected contract costs. This method is found to be the best and most prudent method to reflect the progress. Where it is probable that total contract expenses will exceed the total revenue from a contract, the expected loss is recognized 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 realizable value.

Prepayments are set off against contract work in progress. Received payments on account exceeding the performed share of contracts are determined separately for each contract and recognized in 'Contract work in progress' under current liabilities.

Expenses relating to sales work and the winning of contracts are recognized in the income statement as incurred.

Share premium

The share premium consists of the difference between the par value of the shares issued and the issue price.

Reserves

The foreign currency translation reserve comprises all translation adjustments arising from the translation of financial statements of Group enterprises using another functional currency than Danish kroner as well as translation adjustments concerning non-current intercompany balances that are considered an addition to the net investment in such enterprises.

Reserve for value adjustment of hedging instruments comprises the accumulated net change in the fair value of hedging transactions which meet the criteria of future cash flow hedges and where the hedged transaction has not yet been completed.

Reserve for financial assets measured at fair value comprises the accumulated net change in the fair value of financial assets classified as financial assets measured at fair value through other comprehensive income.

Note 1 Accounting policies (continued)

Reserve for Employee Share Program comprises the accrued part of the discount element arising between market value and the employees' purchase price.

Dividend

Proposed dividend for the financial year is recognized in 'Retained earnings'.

According to Danish corporate law, reserves available for distribution as dividends are based on the financial statements of the parent company, Haldor Topsoe A/S. Dividends are paid from distributable reserves. Share premium is a distributable reserve.

Pension obligations and similar obligations

The costs of defined contribution plans are recognized in the income statement in the financial year to which they relate.

The costs and liabilities of defined benefit plans are determined in accordance with the projected unit credit method. The liability is calculated annually by an actuary. Actuarial gains and losses are recognized in full in 'Other comprehensive income'. Plan assets are only recognized to the extent that the Group is able to derive future economic benefits such as refunds from the plan or reductions of future contributions.

Costs related to other non-current staff benefits are accrued over the employees' expected average working life.

Deferred tax

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. Deferred tax is not recognized in respect of

goodwill, unless it is deductible for tax purposes. The tax base of tax loss carryforwards is deducted from deferred tax when it is probable that the losses may be utilized. Deferred tax is measured on the basis of the tax rules and tax rates expected to be in force on elimination of temporary differences. Any changes in deferred tax due to changes in tax rates are recognized in the income statement with the share attributable to the results for the year, unless they relate to items recognized either in other comprehensive income or directly in shareholders' equity.

Provisions

Provisions are recognized when – in consequence of a previous event – the Group has a legal or constructive obligation and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are measured at Management's estimate of the discounted amount expected to be required to repay the obligation.

Financial liabilities

Loans such as bonds, mortgage loans and loans from credit institutions are recognized initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortized cost, corresponding to capitalized value, using the effective interest rate; the difference between the proceeds and the nominal value is recognized in the income statement over the loan period. Other debts are measured at amortized cost, mainly corresponding to nominal value.

Deferred income

Deferred income comprises payments received in respect of income in subsequent years and is primarily related to government grants.

OTHER AREAS

Cash flow statement

The Group's cash flow statement is presented in accordance with the indirect method and shows the Group's cash flows for the year from operating, investing and financing activities as well as the Group's cash and cash equivalents at the beginning and end of the year. The Group's cash comprises the Group's cash at hand and deposits with financial institutions.

Financial highlights

The key figures and financial ratios have been calculated as follows:

Gross margin	=	$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$
EBITDA margin	=	$\frac{\text{EBITDA} \times 100}{\text{Revenue}}$
EBIT before special items margin	=	$\frac{\text{EBIT before special items} \times 100}{\text{Revenue}}$
EBIT after special items margin	=	$\frac{\text{EBIT after special items} \times 100}{\text{Revenue}}$
Return on invested capital	=	$\frac{\text{EBIT before special items} \times 100}{\text{Average invested capital}}$
Equity ratio	=	$\frac{\text{Equity at year-end} \times 100}{\text{Balance sheet total}}$
Return on equity	=	$\frac{\text{Net profit} \times 100}{\text{Average equity}}$
Leverage	=	$\frac{\text{Net interest-bearing debt}}{\text{EBITDA}}$

Note 2 Key accounting estimates and judgements

In accordance with general accounting policies, determination of the carrying amount of certain assets and liabilities requires assessments and estimates of future events. Management bases its estimates on historical experience and various other assumptions that are held to be reasonable under the circumstances. These assumptions may be incomplete or inaccurate and unexpected issues may arise, and the assessments and estimates made are thus subject to some uncertainty. Special risks for the Group appear from the Risk management section.

Goodwill

Goodwill is tested for impairment once a year and if there is an indication of impairment. The impairment test requires that Management estimates various significant factors, including expected future cash flows, discount rates and growth rates for the period. The sensitivity of estimates made can, combined or individually, be significant. Please refer to note 12 for further information.

Other investments

Other investments are measured at fair value at the balance sheet date. To the extent that fair value cannot be derived from an active market, it is required that Management assesses and selects an appropriate method for determination of the fair value. In this case, the fair value is measured at the discounted value of expected future cash flows. Material assumptions comprise expected future cash flows, discount rates and growth rates for the period. Please refer to note 14 for further information.

Inventories

The standard cost calculations are reviewed on a regular basis to ensure that all relevant assumptions such as prices, output and capacity utilization are incorporated correctly. Changes in the calculation method used to calculate indirect production costs may impact the gross margin and the overall measurement of inventories.

Inventories are written down to net realizable value if this is lower than cost. The need to write down inventories is primarily assessed based on negotiability and production quality. The net realizable value is calculated as the total future revenue expected to be generated in the process of normal operations and determined by allowing for marketability, obsolescence and development in expected selling price less selling expenses. Please refer to note 15 for further information.

Revenue from engineering projects

In Management's opinion, the Group's sale of engineering projects is to a high degree individually adjusted, and contract work in progress is consequently measured at the selling price of the work completed based on the stage of completion. The stage of completion is determined on the basis of the share of contract costs incurred compared to the total expected contract costs. These costs are partly based on an estimate which to a high degree is based on historical experience. Expected income and costs of engineering projects may be adjusted gradually as projects are finalized and any uncertainties are clarified. Parallel changes to the engineering contract may occur and certain assumptions in the contract may not be met.

Warranty provision for engineering projects

The evaluation of the warranty provision for engineering projects is based on historical levels. Furthermore, the warranty provision also reflects the risks associated with bringing new technologies to the market as well as executing projects in countries with higher geopolitical risks. Please refer to note 24 for further information.

Contingent liabilities and lawsuits

As part of the Group's business, Topsoe may become party to a lawsuit and/or dispute. In such cases, the potential liabilities and their likelihood are evaluated. The evaluation is based on available information and legal assessment from advisors. Assessing the final outcome of lawsuits/disputes is difficult and the outcome may thus deviate from the evaluation made by Topsoe.

Research and development costs

Research costs are expensed when incurred. Development costs which do not meet the requirements of capitalization are expensed when incurred. Management assesses whether the capitalization requirements are met based on expectations of the technical possibility of completing the development project, expectations of the existence of a market for the product, etc.

Note 3 Revenue

The Group's revenue can be divided into two main categories: catalyst sales and technology sales. Catalyst sales comprise the sale of catalysts. Technology sales comprise basic engineering design, license fee and hardware.

Revenue from catalyst sales is recognized when control has been transferred, which typically takes place based on Incoterms. The majority of catalyst sales are paid after delivery with typically 30-60 days of credit, but in certain situations the Group receives prepayments.

Revenue from technology sales is recognized over time according to the percentage-of-completion method based on actual versus forecasted cost. Technology sales are paid in installments during the contract's lifetime. The Group strives to be cash flow positive on all technology contracts at any time during project execution.

The transaction price of a contract is allocated to performance obligations, e.g. delivered catalyst and delivered technology. Technology is considered to be one performance obligation, since the deliveries must be treated as a whole and not as distinct elements.

<i>DKK million</i>	2020	2019
Catalyst	4,523	4,361
Technology	1,656	1,536
Total disaggregation of revenue from contract with customers	6,179	5,897
Future revenue regarding unsatisfied or partially unsatisfied performance obligations. The majority will be recognized in 2021.	4,262	4,943
Revenue recognized that was included in contract liability balance at the beginning of the year.	848	618
Contract work in progress	188	284
Contract assets at December 31	188	284
Prepayments from customers	475	495
Contract work in progress	903	961
Contract liabilities at December 31	1,378	1,456

Note 4 Other operating income

<i>DKK million</i>	2020	2019
Government grants	32	15
Other services	40	56
Other operating income	4	2
Total other operating income	76	73

Note 5 Staff expenses

<i>DKK million</i>	2020	2019
Wages and salaries	1,345	1,385
Pensions – defined contribution plans	145	139
Pensions – defined benefit plans	5	6
Other social security contributions	129	142
Total	1,624	1,672
Capitalization of work performed on property, plant and equipment	-13	-15
Total staff expenses	1,611	1,657
Senior Leadership Team salary	55	30
Senior Leadership Team pension	5	4
Senior Leadership Team severance pay	52	0
Fee to Board of Directors	7	6
Total remuneration to Senior Leadership Team and Board of Directors	119	40
The Senior Leadership Team had 9 members in 2020 compared to 5 in 2019.		
Average number of employees	2,268	2,238
Of which in Denmark	1,562	1,550

Employee Share Program

The Group launched an Employee Share Program (ESP) with enrollment in February 2020. Employees at all levels have been offered the opportunity to acquire shares in Haldor Topsoe A/S at market value by investing an amount equal to ½, 1 or 2 months' salary. For every four shares purchased at market value, employees purchased a fifth share at a price of DKK 1. An annual investment window will be open to new employees. The program will expire either in case of an IPO or by December 31, 2024, at the latest. If the program expires without an IPO, the shares will be purchased by a purchaser designated by the Group at market price. The shares cannot be sold or pledged.

837 employees have enrolled in the program and 3,174,902 new shares have been issued. The shares were issued at an average price of DKK 22.3 per share resulting in a discount element of DKK 5.3. Staff expenses have been impacted by DKK 3 million in 2020 due to the accrued part of the discount element.

Good leavers (mainly employees who retire or are dismissed) can choose to keep the shares until the program expires or sell the shares to a purchaser designated by the Group in the next annual window at the fair market price. Resigning participants must sell the shares to a purchaser designated by the Group in the next annual window at the lower of the invested amount plus an amount for the fifth share that increases to the price paid for the four shares during the period or the fair market price.

In some countries, participation in the ESP is not possible due to local legislation. Instead, employees in these countries have been offered to participate in a Phantom program. The participating employees have invested an amount equal to ½, 1 or 2 months' salary and are granted phantom shares in Haldor Topsoe A/S at principles equal to the ESP. At the time of expiry of the program, employees will be refunded based on the fair value of the phantom shares.

60 employees have enrolled in the Phantom program. Staff expenses have not been impacted in 2020.

Note 6 Depreciation, amortization and impairment losses

<i>DKK million</i>	2020	2019
Rights	4	4
Patents	10	7
Software	14	9
Land and buildings	84	85
Plant and machinery	142	140
Other fixtures and equipment	71	74
Total depreciation, amortization and impairment losses	325	319

Note 7 Special items

<i>DKK million</i>	2020	2019
Restructuring cost	-162	0
Legal costs regarding two special cases	-71	0
Adjustment of scrap values on buildings	-42	0
Gain from selling surplus land	0	128
Revenue related to suspended Topsoe license	0	34
Goodwill impairment loss regarding restructuring	0	-26
Total special items	-275	136

If special items had been recognized in 'EBIT before special items', they would have been included in the following line items:

Revenue	0	34
Other operating income	0	128
Other external expenses	-113	0
Staff expenses	-162	0
Depreciation, amortization and impairment losses	0	-26
Total special items	-275	136

Note 8 Result of investments in joint ventures and associated companies

<i>DKK million</i>	2020	2019
Share of result of associated companies, net	-8	-7
Fair value adjustment of investment in joint venture	0	13
Dissolvement of previous year's purchase price allocation	0	3
Total result of investments in joint ventures and associated companies	-8	9

Note 10 Financial expenses

<i>DKK million</i>	2020	2019
Interest expenses	42	64
Foreign currency translation adjustment	87	32
Value adjustment of other receivables	0	2
Other financial expenses	0	3
Total financial expenses	129	101

Note 9 Financial income

<i>DKK million</i>	2020	2019
Dividend from other investments	40	43
Interest income	8	9
Foreign currency translation adjustment	58	34
Other financial income	2	2
Total financial income	108	88

Note 11 Tax

<i>DKK million</i>	2020	2019
Current tax for the year	65	120
Change in deferred tax for the year	36	96
Adjustments to prior years	7	8
Total tax	108	224
Tax on continuing operations	114	224
Tax on discontinuing operations	-6	0
Total tax	108	224

%	2020	2019
Danish corporate tax rate	22.0	22.0
Non-deductible expenses	0.4	0.2
Income not subject to tax	-0.3	-0.6
Differences in foreign tax rates	3.5	2.4
Adjustments relating to prior years	1.3	0.1
Other adjustments	-6.2	-0.2
Effective tax rate	20.7	23.9

The major impact of the change in effective tax rate from 2019 to 2020 is related to increased deduction on R&D activities implemented by the Danish Government in 2020.

Note 12 Intangible assets

<i>DKK million</i>	Goodwill	Rights	Patents	Software	Intangible assets under construction
Cost at January 1, 2020	26	39	99	199	19
Foreign currency translation adjustment	-3	0	0	1	0
Additions during the year	0	0	27	4	35
Disposals during the year	0	0	-1	-9	0
Transfers during the year	0	0	0	10	-10
Cost at December 31, 2020	23	39	125	205	44
Amortization and impairment losses at January 1, 2020	26	13	51	166	0
Foreign currency translation adjustment	-3	0	0	0	0
Amortization for the year	0	4	10	14	0
Reversal of amortization and impairment losses on assets sold and scrapped	0	0	0	-7	0
Amortization and impairment losses at December 31, 2020	23	17	61	173	0
Carrying amount at December 31, 2020	0	22	64	32	44
Research and development costs expensed in 2020					512

<i>DKK million</i>	Goodwill	Rights	Patents	Software	Intangible assets under construction
Cost at January 1, 2019	0	25	87	173	4
Foreign currency translation adjustment	0	0	0	0	0
Additions during the year	26	14	18	27	18
Disposals during the year	0	0	-6	-4	0
Transfers during the year	0	0	0	3	-3
Cost at December 31, 2019	26	39	99	199	19
Amortization and impairment losses at January 1, 2019	0	9	46	158	0
Amortization for the year	0	4	7	9	0
Impairment losses for the year	26	0	0	0	0
Reversal of amortization and impairment losses on assets sold and scrapped	0	0	-2	-1	0
Amortization and impairment losses at December 31, 2019	26	13	51	166	0
Carrying amount at December 31, 2019	0	26	48	33	19
Research and development costs expensed in 2019					472

The goodwill originates from the acquisition at January 1, 2019, of the remaining 50% of the shares in Saturn FS Gas Chemicals LLC.

In 2019, the Group carried out an impairment test of goodwill, which resulted in an impairment loss of DKK 26 million. During the impairment test, the cash generating unit's discounted cash flow was

compared to the unit's carrying amount. The cash generating unit was by Management defined as the activity in the company Saturn FS Gas Chemicals LLC. Cash flows were expected to be DKK 0 million, which resulted in a recoverable value of goodwill of DKK 0 million.

Note 13 Property, plant and equipment

<i>DKK million</i>	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment under construction
Cost at January 1, 2020	1,581	2,464	1,102	336
Foreign currency translation adjustment	-25	-41	-8	-20
Additions during the year	24	18	49	242
Disposals during the year	-106	-31	-13	0
Transfers during the year	6	41	45	-92
Cost at December 31, 2020	1,480	2,451	1,175	466
Depreciation and impairment losses at January 1, 2020	585	1,754	902	0
Foreign currency translation adjustment	-8	-29	-6	0
Depreciation for the year	84	142	71	0
Reversal of depreciation and impairment losses on assets sold and scrapped	-55	-28	-13	0
Depreciation and impairment losses at December 31, 2020	606	1,839	954	0
Carrying amount at December 31, 2020	874	612	221	466
Carrying amount of right-of-use assets	430	0	9	0
Carrying amount of assets used for operational lease	0	0	0	51

<i>DKK million</i>	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment under construction
Cost at January 1, 2019	1,013	2,368	1,053	345
Lease assets at January 1, 2019	542	1	7	0
Restated opening cost	1,555	2,369	1,060	345
Foreign currency translation adjustment	7	11	1	4
Additions during the year	51	27	19	111
Disposals during the year	-40	-27	-10	0
Transfers during the year	8	84	32	-124
Cost at December 31, 2019	1,581	2,464	1,102	336
Revaluation at January 1, 2019	362	8	0	0
Change in accounting policy prior year (see note 1)	-362	-8	0	0
Restated revaluation at January 1, 2019	0	0	0	0
Revaluation at December 31, 2019	0	0	0	0
Depreciation and impairment losses at January 1, 2019	593	1,636	838	0
Change in accounting policy prior year (see note 1)	-54	-8	0	0
Restated depreciation and impairment losses at January 1, 2019	539	1,628	838	0
Foreign currency translation adjustment	1	7	0	0
Depreciation for the year	85	140	74	0
Reversal of depreciation and impairment losses on assets sold and scrapped	-40	-21	-10	0
Depreciation and impairment losses at December 31, 2019	585	1,754	902	0
Carrying amount at December 31, 2019	996	710	200	336
Carrying amount of right-of-use assets	599	1	7	0

Note 14 Investments

<i>DKK million</i>	Investments in associated companies	Finance lease receivables	Other securities and investments	Other receivables	<i>DKK million</i>	Investments in associated companies	Investments in joint ventures	Finance lease receivables	Other securities and investments	Other receivables
Cost at January 1, 2020	17	8	197	33	Cost at January 1, 2019	0	0	9	208	27
Additions during the year	0	0	17	3	Additions during the year	0	0	0	10	8
Disposals during the year	0	-1	0	-2	Disposals during the year	0	0	-1	-4	-1
Transfers during the year	0	0	0	0	Transfers during the year	17	0	0	-17	-1
Cost at December 31, 2020	17	7	214	34	Cost at December 31, 2019	17	0	8	197	33
Value adjustment at January 1, 2020	-7	0	58	-7	Value adjustment at January 1, 2019	0	0	0	136	-6
Profit/loss for the year	-8	0	0	0	Profit/loss for the year	-7	0	0	0	0
Disposals during the year	0	0	0	0	Disposals during the year	0	0	0	-15	0
Value adjustments for the year	1	0	-40	-1	Value adjustments for the year	0	-13	0	-63	-1
Transfers to Group enterprises during the year	0	0	0	0	Transfers to Group enterprises during the year	0	13	0	0	0
Value adjustment at December 31, 2020	-14	0	18	-8	Value adjustment at December 31, 2019	-7	0	0	58	-7
Carrying amount at December 31, 2020	3	7	232	26	Carrying amount at December 31, 2019	10	0	8	225	26
Of this, less than 1 year		2			Of this, less than 1 year			1		

Note 14 Investments (continued)

Investments in associated companies:

Faradion Ltd., Sheffield, United Kingdom:

The Group has invested in Faradion Ltd., corresponding to 23% of the share capital. Faradion Ltd. is a leading development company within sodium-ion battery technology, which is more cost-effective than comparable lithium-ion technologies.

Other securities and investments:

Karnaphuli Fertilizer Limited, Dhaka, Bangladesh (KAFCO):

The Group holds shares in KAFCO of nominally BDT 692 million, which equals 15% of the shares in KAFCO. The shares are measured at fair value based on a discounted cash flow calculation using the present budgets and forecasts of KAFCO. The calculation is moreover based on material assumptions in terms of growth rate and discount rate. The discount rate is determined based on Management's estimate of general capital market conditions and the specific risk profile and has been set at 11.0% (2019: 11.4%) after tax. The growth rate in the terminal period has by Management been estimated at 0% (2019: 0%). Based on these criteria, the KAFCO shares have

been written down by DKK 39 million (2019: DKK 31 million).

A change in the discount rate of -1% or +1%, respectively, would impact the value by +6% or -6%, respectively. A change in the growth rate in the terminal period of -10% or +10%, respectively, would impact the value by -9% or +9%, respectively.

Ramagundam Fertilizers and Chemicals Limited, New Delhi, India:

The Group has increased the investment in Ramagundam Fertilizers and Chemicals Limited, still corresponding to 4% of the share capital. The company is constructing a fertilizer plant in India. The Group is obligated to invest an additional amount of up to INR 27 million (equal to DKK 2 million).

GTLA Holdings LP, Delaware, US:

The Group has invested in GTLA Holdings LP, corresponding to 3% of the share capital. The purpose of the company is to develop a project regarding construction of a gas-to-liquid plant. The fair value of the investment is DKK 0 million due to a license having been suspended.

Note 15 Inventories

<i>DKK million</i>	2020	2019
Raw materials and consumables	336	358
Work in progress	199	209
Finished goods	957	923
Inventories at December 31	1,492	1,490
Cost of sales for the year	2,174	2,289
Impairment losses for the year	45	50
Reversed impairment losses for the year	-41	-45

Reversal of impairment losses is attributable to disposal or reuse of impaired goods in the production.

Note 16 Trade receivables

<i>DKK million</i>	2020	2019
Trade receivables, gross	1,101	1,264
Loss allowance at January 1	-32	-22
Increase in loss allowance for the year	-12	-11
Reversal of loss allowance, prior years	22	1
Loss allowance at December 31	-22	-32
Trade receivables at December 31	1,079	1,232
Of this, due after more than 1 year	14	3
Realized losses for the year	-5	-14
Receivables, gross, due at December 31 have the following aging in %:	2020	2019
Not due	66	68
1-90 days	24	24
91-180 days	4	4
181+ days	6	4

<i>DKK million</i>	Gross trade receivables	Expected loss rate, %	Loss allowance
Not due	722	0	0
1-90 days	261	1	3
91-180 days	49	9	5
181-360 days	47	9	4
360+ days	22	46	10
At December 31, 2020	1,101		22

<i>DKK million</i>	Gross trade receivables	Expected loss rate, %	Loss allowance
Not due	847	0	0
1-90 days	309	0	0
91-180 days	48	1	0
181-360 days	6	2	0
360+ days	54	59	32
At December 31, 2019	1,264		32

Note 17 Contract work in progress

<i>DKK million</i>	2020	2019
Selling price of work performed at the balance sheet date	5,291	5,962
Payments received on account	-6,006	-6,639
Contract work in progress at December 31	-715	-677
Contract work in progress recognized in assets	188	284
Contract work in progress recognized in liabilities	-903	-961
Contract work in progress at December 31	-715	-677

Note 18 Other receivables

<i>DKK million</i>	2020	2019
Receivable regarding VAT and tax	47	103
Fair value of derivative financial instruments	3	0
Other receivables	13	77
Other receivables at December 31	63	180
Of this, due after more than 1 year	0	21

Note 19 Share capital and premium

	Shares	Share capital	Share premium
	<i>Number</i>	<i>DKK million</i>	<i>DKK million</i>
January 1, 2020	376,000,000	376	0
Capital increase	3,174,902	3	68
Total as per December 31, 2020	379,174,902	379	68

	Shares	Share capital	Share premium
	<i>Number</i>	<i>DKK million</i>	<i>DKK million</i>
January 1, 2019	376,000	376	0
Change in value per share value from 1,000 to 1	375,624,000	0	0
Total as per December 31, 2019	376,000,000	376	0

The share capital consists of 379,174,902 shares with a nominal value of DKK 1 each (2019: 376,000,000 shares). All issued shares have been paid. No shares carry any special right. The capital increase is due to the launch of the Employee Share Program (see note 5 for further information).

Note 20 Reserves

<i>DKK million</i>	Revaluation reserve	Foreign currency translation reserve	Reserve for unpaid share capital	Reserve for financial assets measured at fair value	Reserve for value adjustment of hedging instruments	Reserve for Employee Share Program	Total
2020							
Reserves at January 1, 2020	0	63	0	73	0	0	136
Foreign currency translation adjustment	0	-108	0	0	0	0	-108
Financial assets measured at fair value through other comprehensive income	0	0	0	-38	0	0	-38
Employee Share Program - value of employee services	0	0	0	0	0	3	3
Other	0	1	0	0	0	0	1
Total reserves at December 31, 2020	0	-44	0	35	0	3	-6
2019							
Reserves at January 1, 2019	221	54	241	138	-2	0	652
Change in accounting policy prior year (see note 1)	-221	-19	0	0	0	0	-240
Restated reserves at January 1, 2019	0	35	241	138	-2	0	412
Foreign currency translation adjustment	0	25	0	0	0	0	25
Derivative financial instruments used for hedging of future cash flows	0	0	0	0	2	0	2
Financial assets measured at fair value through other comprehensive income	0	0	0	-65	0	0	-65
Other	0	3	0	0	0	0	3
Paid-in share capital	0	0	-241	0	0	0	-241
Total reserves at December 31, 2019	0	63	0	73	0	0	136

Note 21 Dividend

Proposed dividend constitutes DKK 240 million (2019: DKK 314 million) corresponding to DKK 0.63 per share (2019: DKK 0.84 per share based on the share capital as per December 31, 2019 or DKK 0.83 per share as per declaration date due to dilution resulting from the Employee Share Program) (see note 5 for further information).

Dividend for 2019 was not approved at the Annual General Meeting due to the uncertainty caused by COVID-19.

No interim dividend for 2020 or dividend for 2019 have been paid during 2020 (2019: DKK 0 million).

Dividend policy

There is no formal dividend policy. A dividend of 30-50% of net profit is targeted. However, on a yearly basis, the owners will consider the appropriate level of dividend payment, based on profitability, equity ratio and future capital requirements.

Note 22 Pension obligations and similar obligations

The Group has entered into pension plans with a considerable number of its employees. Most of the plans are defined contribution plans and only a small part is defined benefit plans.

Defined contribution plans

The Group finances the plans by currently paying a premium to independent insurance companies that are responsible for the pension obligations. Once the pension contributions to the defined contribution plans have been paid, the Group has no further pension obligations to current or terminated employees.

Defined benefit plans

The Group has made agreements with specific groups of employees regarding payment of certain benefits, including pension. These pensions mainly relate to certain employees in the Group's US subsidiary where the plan partly consists of a basic pension and partly of an additional pension for selected members of US management. The pension obligations are partly hedged through an independent fund. Actuarial valuation is performed annually. In addition, employees in India and Germany are covered by defined benefit plans.

Note 22 Pension obligations and similar obligations (continued)

DKK million	2020	2019
Pension costs	4	4
Interest expenses	8	11
Interest income on plan assets	-7	-9
Total pension related to defined benefit recognized in staff expenses	5	6

%	2020	2019
Applied actuarial assumptions in %		
Discount rate	0.7-6.6	1.0-7.1
Future pay increases	2.5-10.0	2.5-10.0

A change in the discount rate of -0.5% or +0.5%, respectively, would impact the defined benefit obligation by +6% or -5%, respectively. A change in the future pay increase of -0.5% or +0.5%, respectively, would impact the defined benefit obligation by -1% or +1%, respectively.

The weighted average duration of the defined benefit obligation is 8.3-10.5 years (2019: 8.3-10.6 years).

%	2020	2019
US	33	38
International	29	29
Global	7	3
Shares	69	70
US investment grade	13	8
High yield	10	10
Other	4	0
Bonds	27	18
Real estate	4	7
Commodities	0	4
Other	0	1
Distribution of plan asset at December 31	100	100

DKK million	2020	2019
Present value of pension obligations	306	331
Fair value of pension plan assets	-264	-293
Net obligation at December 31	42	38

Present value of pension obligations at January 1	331	294
Foreign currency translation adjustment	-28	6
Pension costs	4	4
Interest expenses	8	11
Actuarial gains and losses, demographic assumption	-22	-6
Actuarial gains and losses, financial assumption	39	43
Pension paid	-26	-21
Present value of pension obligations at December 31	306	331

Fair value of pension plan assets at January 1	293	251
Foreign currency translation adjustment	-27	7
Interest on pension assets	7	9
Return on plan assets excl. interest on pension assets	14	42
Paid by the company	3	5
Pension paid	-26	-21
Fair value of pension plan assets at December 31	264	293

Expected defined benefit pension payments by the Group in 2021 amount to DKK 37 million.

Note 23 Deferred tax

<i>DKK million</i>	2020	2019
Deferred tax at January 1	405	381
Change in accounting policy prior year (see note 1)	0	-68
Restated deferred tax at January 1	405	313
Foreign currency translation adjustment	-1	2
Tax for the year	26	118
Tax previous years	-19	-28
Deferred tax at December 31	411	405
Recognized as deferred tax asset	-8	0
Recognized as deferred tax liability	419	405
Deferred tax at December 31	411	405
Intangible assets and property, plant and equipment	83	101
Inventories	19	17
Work in progress	331	345
Provisions	-33	-31
Other	11	-27
Deferred tax at December 31	411	405
Of this, due after more than 1 year	279	317

Note 24 Provisions

<i>DKK million</i>	Warranty provision for engineering projects	Warranty provision for catalysts	Other	Total
Provisions at January 1, 2020	155	55	1	211
Foreign currency translation adjustment	0	-2	0	-2
Provisions during the year	13	96	0	109
Reversals during the year	0	-13	0	-13
Realized provision during the year	-5	-10	0	-15
Provisions at December 31, 2020	163	126	1	290

Approx. 1/3 of the provisions are potentially to be recognized within 1 year.

<i>DKK million</i>	Warranty provision for engineering projects	Warranty provision for catalysts	Other	Total
Provisions at January 1, 2019	181	48	58	287
Provisions during the year	0	12	8	20
Reversals during the year	-16	-2	0	-18
Transferred to Other payables, current	0	0	-65	-65
Realized provision during the year	-10	-3	0	-13
Provisions at December 31, 2019	155	55	1	211

The majority of the provisions are potentially to be recognized after more than 1 year.

Warranty provision can be impacted by unexpected quality issues on our catalyst or technology solutions.

Note 25 Other payables

<i>DKK million</i>	2020	2019
Employee holiday allowance	61	137
Employee holiday fund, non-current	96	34
Employee loan related to Phantom program	3	0
Bonus	100	119
Redundancy provision	94	0
Payroll tax	104	13
Other staff-related items	30	23
Fair value of derivative financial instruments	0	1
Tax-related items	2	5
VAT-related items	3	4
Other payables	171	292
Other payables at December 31	664	628
More than 1 year	100	36
Less than 1 year	564	592
Other payables at December 31	664	628

Note 26 Leases

<i>DKK million</i>	2020	2019
Land and buildings	65	69
Plant and machinery	1	1
Other fixtures and equipment	4	4
Total depreciation of right-of-use assets	70	74
Interest expense (included in financial expenses)	22	24
Expense relating to short-term leases (included in other external expenses)	3	4
Revenue from sub-lease	3	1
Total cash outflow for leases	82	84
Additions to the right-of-use assets	8	5

The majority of lease contracts relate to lease of office buildings. Please see note 13 for carrying amount of right-of-use assets at December 31, 2020, and note 33 for information about the lease liability.

The Group has entered into a lease contract under which the Group is obligated to purchase the property at a price of DKK 74 million after termination of the lease contract in 2036. The purchase obligation is included in the lease liability.

The Group has evaluated extension options related to office rentals. In most cases, extension options are not included, as the Group could replace the assets without significant costs or business disruption.

Note 27 Guarantees

<i>DKK million</i>	2020	2019
Guarantees given by banks and credit insurance institutions on the Group's behalf for contract work, etc.	725	1,135
Guarantees issued at December 31	725	1,135
Less than 1 year	395	769
Between 1 and 5 years	301	312
After 5 years	29	54
Guarantees issued at December 31	725	1,135
Guarantee given by the Group in relation to Employee Share Program, expires 2024	8	0

Note 28 Contractual obligations

<i>DKK million</i>	2020	2019
Less than 1 year	16	17
Between 1 and 5 years	10	11
After 5 years	6	0
Contractual obligations regarding leases at December 31	32	28
Payments for the year recognized as operating lease expenses	26	18

Contractual obligations relate to software and maintenance agreements running up to 9 years.

The Group is obligated to invest an additional DKK 7 million (2019: DKK 18 million) in companies included under 'Other investments'.

The Group has a contractual obligation regarding acquisition of property, plant and equipment and intangible assets amounting to DKK 103 million.

Note 29 Contingent liabilities

The Group's property in Frederikssund, Denmark, has been found to be contaminated. Management assesses that the remediation costs will not be significant.

Through participation in joint taxation scheme with Haldor Topsøe Holding A/S, the Group is jointly and severally liable for taxes, etc. payable in Denmark.

The Group is a party to ongoing litigation. Management assesses that the outcome of these lawsuits will not affect the Group's financial position.

Note 30 Fee to auditors appointed at the general meeting

<i>DKK million</i>	2020	2019
Statutory audit fee	2	2
Other assurance statements	0	1
Tax assistance	3	5
Other assistance	1	2
Total fee to auditors appointed at the general meeting	6	10

Note 31 Related parties

The main shareholders are:

Haldor Topsøe Holding A/S, Lyngby, Denmark - shareholder - control

Dahlia Investments Pte. Ltd., Singapore - shareholder - minority

<i>DKK million</i>	2020	2019
Receivables from the parent company at December 31	1	1
Related parties	Transactions	
Companies under common control	Rent	2
	Deposit	2

For remuneration to Senior Leadership Team and Board of Directors, please refer to note 5.

Intercompany transactions have been eliminated in the consolidated financial statements.

Note 32 Derivative financial instruments

<i>DKK million</i>	Contract amount 2020	Fair value 2020	Contract amount 2019	Fair value 2019
EUR interest rate swap (4.62%), matures on December 31, 2021	8	0	17	-1
Interest rate swaps at December 31	8	0	17	-1

The Group uses interest rate swaps to hedge against changes in interest rate levels and thus reduce the interest rate risk. Interest rate swaps are used on floating rate loans. The fair value of the swaps is recognized in the balance sheet through other comprehensive income. The Group thus applies the rules on hedge accounting.

<i>DKK million</i>	Contract amount 2020	Fair value 2020	Contract amount 2019	Fair value 2019
Aggregate amount of commodity swaps within metals, matures in 2022	13	3	0	0
Aggregate amount of commodity swaps within metals, matured in 2020	0	0	24	0
Commodity swaps at December 31	13	3	24	0

The Group uses commodity swaps to hedge against price fluctuations in raw materials, primarily base metals (nickel, copper, and zinc) of specific production contracts. Hedging duration depends on the specific underlying contract, but it is typically less than 24 months. The fair value of the swaps is recognized directly in the income statement.

The cost of raw materials is a significant cost component in our products, and costs can fluctuate considerably. The Group seeks to minimize the risk related to commodity price fluctuations through contractual escalation clauses. In addition, the Group uses financial hedging when quoting fixed contract prices.

Note 33 Financial assets and liabilities

DKK million	2020	2019	DKK million	2020	2019
Other securities and investments	232	255	Lease liabilities		
Trade receivables	1,079	1,232	Minimum lease payments:		
Other financial receivables	96	214	After 5 years	437	461
Cash	1,175	787	Between 1 and 5 years	233	260
Financial assets at December 31	2,582	2,488	Less than 1 year	80	83
Bonds, mortgage debt and debt to credit institutions	697	1,031	Lease liabilities at nominal value	750	804
Lease liabilities	585	627			
Trade payables	419	514	Future finance charges	-165	-177
Other financial liabilities	664	628	Lease liabilities at present value	585	627
Financial liabilities at December 31	2,365	2,800			
			Trade payables:		
Financial assets measured at fair value through other comprehensive income	232	255	Less than 1 year	419	514
Financial assets measured at amortized cost	2,347	2,233	Derivative financial instruments:		
Derivative financial instruments measured at fair value	3	0	Less than 1 year	0	1
Classification of financial assets at December 31	2,582	2,488	Other financial liabilities:		
Financial liabilities measured at amortized cost	2,365	2,799	After 5 years	91	0
Derivative financial instruments measured at fair value	0	1	Between 1 and 5 years	9	34
Classification of financial liabilities at December 31	2,365	2,800	Less than 1 year	564	593
Bonds, mortgage debt and debt to credit institutions:					
Payments:					
After 5 years	182	127			
Between 1 and 5 years	411	323			
Less than 1 year	129	617			
Bonds, mortgage debt and debt to credit institutions at nominal value	722	1,067			
Future finance charges	-25	-36			
Bonds, mortgage debt and debt to credit institutions at present value	697	1,031			

Note 33 Financial assets and liabilities (continued)

<i>DKK million</i>	Bonds, mortgage debt and credit institutions	Lease liability	Total
Interest-bearing debt at January 1, 2020	1,031	627	1,658
Foreign currency translation adjustment	1	10	11
Loans raised	261	8	269
Installments	-596	-60	-656
Interest-bearing debt at December 31, 2020	697	585	1,282
Interest-bearing debt at January 1, 2019	1,388	129	1,517
Lease liability due to implementation of IFRS 16 at January 1, 2019	0	548	548
Foreign currency translation adjustment	3	5	8
Loans raised	0	5	5
Installments	-360	-60	-420
Interest-bearing debt at December 31, 2019	1,031	627	1,658

<i>DKK million</i>	Level 1	Level 2	Level 3
Other securities and investments	1	0	231
Derivative financial instruments	0	3	0
Distribution of assets stated at fair value at December 31, 2020	1	3	231

Level 1: Listed prices in an active market for the same type of instrument.

Level 2: Listed prices in an active market for similar assets or liabilities or other valuation methods according to which all material input is based on observable market data.

Level 3: Valuation methods according to which material input is not based on observable market data.

Please refer to note 14 for information on input to valuation of investments in other enterprises stated at fair value in level 3. There have been no transfers between levels 1, 2 and 3 during the year.

<i>DKK million</i>	2020	2019
Fair value of level 3 assets at January 1	254	323
Addition	17	10
Transfer to associated companies	0	-17
Write-down recognized in other comprehensive income	-40	-62
Fair value of level 3 assets at December 31	231	254

FINANCIAL RISK

Currencies

As Topsoe operates globally, the income statement, balance sheet, and cash flows are subject to the risk of currency fluctuations, mainly in relation to Topsoe's flows of USD.

Part of this risk is mitigated through natural hedges arising from activities where Topsoe has both income and expenses in the same currency. However, the risk is not fully covered by natural hedges, and consequently Topsoe hedges certain future cash flows. A 5% change in the DKK/USD exchange rate is assessed to have an EBIT effect of DKK 15-20 million.

Interest rates

Topsoe's general interest rate policy is to maintain a loan portfolio where the fixed interest rate portion is kept within a range of 50-75%, while the floating interest rate portion is kept within a range of 25-50%. By the end of 2020, the fixed rate portion stood at 69%, while the floating rate portion stood at 31%. Topsoe repaid DKK 500 million corporate bonds in mid-April 2020 and is thereby back into the

policy range (~69% fixed and ~31% floating). For the floating rate portion of our interest-bearing debt at end of 2020, an increase in the interest rate level of 1 percentage point will increase interest expenses by DKK 1.1 million p.a.

Credit

The credit risk of Topsoe is primarily related to trade receivables from state, public and privately-owned corporations. Where feasible, we seek to mitigate credit risk by applying instruments such as letters of credit and bank guarantees as well as selective structuring of payment terms, etc. On a quarterly basis, we assess whether the Group should make accruals for bad debt which is considered unlikely to be collected.

Liquidity

Topsoe must maintain sufficient liquidity to fund daily operations, debt service, and expansion. Topsoe's access to liquidity consists of cash and cash equivalents, including access to committed revolving credit facilities. The target is to maintain a minimum of DKK 500 million in unused committed revolving credit facilities at any time.

Note 34 Adjustments for non-cash items

<i>DKK million</i>	2020	2019
Financial income	-108	-88
Financial expenses	129	101
Special items	0	26
Result of investments in joint ventures and associated companies	8	-9
Amortization, depreciation and impairment losses, including gains and losses from sale of assets	382	270
Tax	114	224
Other adjustments	107	-161
Total adjustments for non-cash items	632	363

Note 35 Change in working capital

<i>DKK million</i>	2020	2019
Increase (-) / decrease in inventories	-2	-352
Increase (-) / decrease in receivables	153	-516
Increase / decrease (-) in contract billing	39	372
Increase / decrease (-) in suppliers, etc.	-13	158
Total change in working capital	177	-338

Note 36 Subsequent events

No events materially affecting the Group's financial position at December 31, 2020 have occurred after the balance sheet date.

Note 37 List of Group enterprises

Name	Registered office	Voting and ownership share
Haldor Topsøe International A/S	Lyngby, Denmark	100%
Subcontinent Ammonia Investment Company ApS	Lyngby, Denmark	100%
Haldor Topsøe Project Investment A/S	Lyngby, Denmark	100%
HT Ramagundam A/S	Lyngby, Denmark	100%
Haldor Topsøe Sustainables A/S	Lyngby, Denmark	100%
Haldor Topsoe Germany GmbH	Essen, Germany	100%
Haldor Topsoe Australia Pty. Ltd.	Perth, Australia	100%
OOO Haldor Topsøe	Moscow, Russia	100%
Haldor Topsoe, Inc.	Houston, USA	100%
Haldor Topsoe Project Development U.S., Inc.	Houston, USA	100%
Pacific Coast Fertilizer LLC	Seattle, USA	79%
Saturn Ferrostaal Gas Chemicals LLC,	Wilmington, USA	100%
Haldor Topsoe eCOs Inc.	Wilmington, USA	100%
Haldor Topsoe LFG Solutions Inc.	Houston, USA	100%
Haldor Topsoe Canada Limited	Vancouver, Canada	100%
Haldor Topsoe De Mexico, S. A. de C. V.	Mexico City, Mexico	100%
Haldor Topsoe do Brasil Tecnologia e Servicos em Catalisadores Eireli	Rio de Janeiro, Brazil	100%
Haldor Topsoe America Latina S.A.	Buenos Aires, Argentina	100%
Haldor Topsøe (Beijing) Co., Ltd	Beijing, China	100%
Jiangsu JITRI-Topsoe Joint R&D Center Co, Ltd.	Suzhou, China	60%
Haldor Topsoe India Pvt. Ltd.	New Delhi, India	100%
Haldor Topsoe Sdn. Bhd.	Kuala Lumpur, Malaysia	100%

Note 38 Business combinations

On January 1, 2019, the Group acquired the remaining 50% of the shares in the joint venture Saturn Ferrostaal Gas Chemicals LLC, whose activity is project development. The acquisition was a reorganization related to a previous acquisition.

There have been no business combinations during 2020.

<i>DKK million</i>	2020	2019
Investment in other companies	0	1
Other receivables	0	1
Assets	0	2
Non-current loan	0	-15
Other payables	0	-11
Liabilities	0	-26
Net identifiable assets acquired	0	-24
Goodwill	0	26
Net assets acquired	0	2
Shares in Pacific Coast Fertilizer LLC	0	1
Fair value of previously owned shares in the company	0	1
Total consideration	0	2
Acquired cash	0	0
Cash consideration	0	0

The Group's previous investment in the company was in 2019 adjusted to reflect the fair value of the shares, which led to a fair value adjustment of DKK 13 million, which was included in 'Result of investments in joint ventures and associated companies'.

Goodwill arising from the transaction was in 2019 tested for impairment, which resulted in an impairment loss of DKK 26 million included in note 7 'Special items'.

The acquired business contributed revenue of DKK 0 million and net profit of DKK 0 million to the Group for the period from January 1 to December 31, 2019.

Note 39 Discontinuing operations

On June 20, 2017, Topsoe announced that it had sold its emissions control business areas. The divestment was finalized on November 30, 2017. The divestment comprised the subsidiaries Haldor Topsøe Catalyst (Tianjin) Co., Ltd., Haldor Topsøe Automotive Catalyst Trading (Tianjin) Co., Ltd. and Haldor Topsoe Catalisadores e Tecnologias do Brasil Ltda. as well as business assets and liabilities in Denmark, the US, and China.

Finalization of the divestment of the emissions control business areas impacted 2020 with a net profit of DKK 45 million after reversal of provisions made in previous years. 2019 was not impacted by discontinuing operations.

<i>DKK million</i>	2020	2019
Value adjustment of net assets sold	39	0
Profit on sale before income tax	39	0
Income tax	6	0
Profit from discontinuing operations	45	0

Financial statements of Haldor Topsoe A/S

Income statement of Haldor Topsoe A/S

<i>DKK million</i>	Note	2020	2019
Revenue	2	5,305	5,217
Change in inventories of finished goods and intermediate products		9	142
Other operating income		61	49
Purchased equipment for contract work		-554	-531
Raw materials and consumables used		-1,667	-1,773
Other external expenses		-1,267	-952
Gross profit		1,887	2,152
Staff expenses	3	-1,333	-1,215
Depreciation, amortization and impairment losses		-257	-250
EBIT		297	687
Result of investments in Group enterprises, joint ventures, and associated companies	4	178	193
Financial income	5	53	35
Financial expenses	6	-110	-123
Profit before tax		418	792
Tax		-27	-141
Profit from continuing operations		391	651
Profit from discontinuing operations	25	51	0
Net profit	7	442	651

Balance sheet of Haldor Topsoe A/S

Assets

<i>DKK million</i>	Note	December 31 2020	December 31 2019
Rights		22	27
Patents		64	48
Software		32	33
Intangible assets under construction		44	19
Intangible assets	8	162	127
Land and buildings		725	823
Plant and machinery		485	553
Other fixtures and equipment		202	177
Property, plant and equipment under construction		140	119
Property, plant and equipment	9	1,552	1,672
Investments in Group enterprises		1,237	1,233
Investments in associated companies		3	10
Receivables from Group enterprises		82	59
Finance lease receivables		5	7
Other securities and investments		4	3
Other receivables		18	19
Investments	10	1,349	1,331
Non-current assets		3,063	3,130
Inventories	11	995	975
Trade receivables		761	945
Contract work in progress	12	176	278
Receivables from Group enterprises		379	386
Finance lease receivables	10	2	1
Other receivables		90	161
Tax receivable		56	19
Prepayments		13	19
Receivables		1,477	1,809
Cash		893	486
Current assets		3,365	3,270
Assets		6,428	6,400

Equity and liabilities

<i>DKK million</i>	Note	December 31 2020	December 31 2019
Share capital		379	376
Share premium		68	0
Net revaluation reserve according to the equity method		-61	-28
Reserve for development costs		63	44
Reserve for value adjustment for hedging instruments		0	-1
Reserve for Employee Share Program		3	0
Retained earnings		1,446	1,025
Proposed dividend		240	314
Equity		2,138	1,730
Deferred tax	13	409	427
Provisions	14	283	194
Credit institutions	15	574	438
Lease liabilities	15	465	499
Other payables	15	98	37
Non-current liabilities		1,829	1,595
Bonds	15	0	499
Credit institutions	15	123	94
Lease liabilities	15	48	48
Deferred income		37	34
Prepayments from customers		409	375
Contract work in progress	12	869	909
Trade payables		349	417
Payables to Group enterprises		149	214
Other payables		477	485
Current liabilities		2,461	3,075
Liabilities		4,290	4,670
Equity and liabilities		6,428	6,400

Statement of changes in equity of Haldor Topsoe A/S

<i>DKK million</i>	Share capital	Share premium	Revaluation reserve	Net revaluation reserve according to the equity method	Reserve for development costs	Reserve for value adjustment for hedging instruments	Reserve for Employee Share Program	Retained earnings	Proposed dividend	Total
Equity at January 1, 2020	376	0	136	18	44	0	0	1,024	314	1,912
Change in accounting policy prior years (see note 1)	0	0	-136	-46	0	-1	0	1	0	-182
Restated equity at January 1, 2020	376	0	0	-28	44	-1	0	1,025	314	1,730
Net profit	0	0	0	76	0	0	0	126	240	442
Adjustments relating to separate foreign legal entities	0	0	0	-2	0	0	0	0	0	-2
Currency translation differences	0	0	0	-107	0	0	0	0	0	-107
Capitalized development projects	0	0	0	0	19	0	0	-19	0	0
Fair value adjustment of derivative financial instruments	0	0	0	0	0	1	0	0	0	1
Net profit and income and expenses recognized under equity	0	0	0	-33	19	1	0	107	240	334
Increase of share capital	3	68	0	0	0	0	0	0	0	71
Employee Share Program - value of employee services	0	0	0	0	0	0	3	0	0	3
Dividend not approved at Annual General Meeting	0	0	0	0	0	0	0	314	-314	0
Transactions with owners	3	68	0	0	0	0	3	314	-314	74
Equity at December 31, 2020	379	68	0	-61	63	0	3	1,446	240	2,138

Notes to the financial statements of Haldor Topsoe A/S

List of notes

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Notes to the financial statements of Haldor Topsoe A/S

Note 1 Accounting policies

BASIS OF PREPARATION

The financial statements of Haldor Topsoe A/S have been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The accounting policy for Land and buildings has been changed from measurement in accordance with the revaluation model to measurement at cost less accumulated depreciation and impairment losses. The effect of this change is reflected in the table to the right.

The effect of change in accounting policy of Land and buildings

<i>DKK million</i>	December 31, 2020			December 31, 2019		
	Cost principle, new	Fair value principle, previous	Increase/-decrease	Cost principle, new	Fair value principle, previous	Increase/-decrease
Income statement						
Result of investments in Group enterprises	178	178	0	193	106	87
Profit before tax	418	418	0	792	705	87
Profit from continuing operations	391	391	0	651	564	87
Net profit	442	442	0	651	564	87
Balance sheet						
Assets						
Land and buildings	725	899	-174	823	997	-174
Investment in Group enterprises	1,237	1,283	-46	1,233	1,279	-46
Non-current assets	3,063	3,283	-220	3,130	3,350	-220
Assets	6,428	6,648	-220	6,400	6,620	-220
Equity						
Revaluation reserve	0	136	136	0	136	136
Net revaluation reserve according to the equity method	-61	-15	46	-28	18	46
Equity	2,138	2,320	182	1,730	1,912	182
Liabilities						
Deferred tax	409	447	38	427	465	38
Non-current liabilities	1,829	1,867	38	1,595	1,633	38
Equity and liabilities	6,428	6,648	220	6,400	6,620	220

Note 1 Accounting policies (continued)

The applied accounting policies are similar to those of the Group except for the following matters:

Other securities and investments

Other investments are measured at market value or estimated fair value. Unrealized value adjustments are included in the income statement in 'Financial income' or 'Financial expenses'.

Investments in Group enterprises

Investments in Group enterprises are recognized and measured under the equity method.

Group enterprises which have negative equity are measured at DKK 0, and receivables from these Group enterprises are written down by the parent company's share of the negative equity if they are estimated to be irrecoverable.

If the negative equity exceeds receivables, the remaining amount is recognized under provisions to the

extent the parent company has a legal or constructive obligation to cover the group enterprise's deficit.

The item 'Result of investments in Group enterprises, joint ventures and associated companies' in the income statement includes the proportionate share of the result after tax.

Reserves

Reserve for development costs comprises development costs after depreciation and tax for self-constructed development projects.

Cash flow statement

No separate cash flow statement has been prepared for the parent company, as the parent company's cash flow statement is included in the consolidated cash flow statement.

Note 2 Revenue

The Company's revenue can be divided into two main categories: catalyst sales and technology sales. Catalyst sales comprise the sale of catalysts. Technology sales comprise basic engineering design, license fee and hardware.

The Company has not disclosed the revenue split by segments for competitive reasons, as disclosure of this information is assessed to be potentially harmful to the Company.

Note 3 Staff expenses

<i>DKK million</i>	2020	2019
Wages and salaries	1,164	1,048
Pensions	119	115
Other social security contributions	58	65
Total	1,341	1,228
Capitalization of work performed on property, plant and equipment	-8	-13
Total staff expenses	1,333	1,215
Executive Management salary and pension	85	27
Fee to Board of Directors	7	6
Total remuneration to Executive Management and Board of Directors	92	33
Average number of employees	1,562	1,550

The remuneration to the Executive Management has been impacted by replacement of the CEO and CFO

Employee Share Program

The Group launched an Employee Share Program (ESP) with enrollment in February 2020. Employees at all levels have been offered the opportunity to acquire shares in Haldor Topsoe A/S at market value by investing an amount equal to ½, 1 or 2 months' salary. For every four shares purchased at market value, employees purchased a fifth share at a price of DKK 1. An annual investment window will be open to new employees. The program will expire either in case of an IPO or by December 31, 2024, at the latest. If the program expires without an IPO, the shares will be purchased by a purchaser designated by the Group at market price. The shares cannot be sold or pledged.

837 employees have enrolled in the program and 3,174,902 new shares have been issued. The shares were issued at an average price of DKK 22.3 per share resulting in a discount element of DKK 5.3. Staff expenses have been impacted by DKK 3 million in 2020 due to the accrued part of the discount element.

Good leavers (mainly employees who retire or are dismissed) can choose to keep the shares until the program expires or sell the shares to a purchaser designated by the Group in the next annual window at the fair market price. Resigning participants must sell the shares to a purchaser designated by the Group in the next annual window at the lower of the invested amount plus an amount for the fifth share that increases to the price paid for the four shares during the period or the fair market price.

In some countries, participation in the ESP is not possible due to local legislation. Instead, employees in these countries have been offered to participate in a Phantom program. The participating employees have invested an amount equal to ½, 1 or 2 months' salary and are granted phantom shares in Haldor Topsoe A/S at principles equal to the ESP. At the time of expiry of the program, employees will be refunded based on the fair value of the phantom shares.

60 employees have enrolled in the Phantom program. Staff expenses have not been impacted in 2020.

Note 4 Result of investments in Group enterprises, joint ventures, and associated companies

<i>DKK million</i>	2020	2019
Share of result of Group enterprises, net	184	188
Change in intercompany profit	2	12
Share of result of joint ventures and associated companies, net	-8	-7
Total income from investments in Group enterprises, joint ventures, and associated companies	178	193

Note 6 Financial expenses

<i>DKK million</i>	2020	2019
Interest expenses	37	56
Foreign currency translation adjustment	73	28
Value adjustments of other investments	0	36
Other financial expenses	0	3
Total financial expenses	110	123

Note 5 Financial income

<i>DKK million</i>	2020	2019
Interest received from Group enterprises	1	1
Interest income	1	1
Foreign currency translation adjustment	50	31
Other financial income	1	2
Total financial income	53	35

Note 7 Proposed distribution of profit

<i>DKK million</i>	2020	2019
Proposed dividend	240	314
Net revaluation reserve according to the equity method	76	-16
Retained earnings	126	353
Total proposed distribution of profit	442	651

Note 8 Intangible assets

<i>DKK million</i>	Rights	Patents	Software	Intangible assets under construction
Cost at January 1, 2020	40	99	193	19
Additions during the year	0	27	4	35
Disposals during the year	0	-1	-9	0
Transfers during the year	0	0	10	-10
Cost at December 31, 2020	40	125	198	44
Amortization and impairment losses at January 1, 2020	13	51	160	0
Amortization for the year	5	10	14	0
Reversal of amortization and impairment losses on assets sold	0	0	-8	0
Amortization and impairment losses at December 31, 2020	18	61	166	0
Carrying amount at December 31, 2020	22	64	32	44

Note 9 Property, plant and equipment

<i>DKK million</i>	Land and buildings	Plant and machinery	Other fixtures and equipment	Property, plant and equipment under construction
Cost at January 1, 2020	1,204	2,011	937	119
Reclassification	0	0	0	0
Additions during the year	3	12	45	103
Disposals during the year	-101	-25	-4	0
Transfers during the year	7	31	44	-82
Cost at December 31, 2020	1,113	2,029	1,022	140
Revaluation at January 1, 2020	228	8	0	0
Change in accounting policy prior years (see note 1)	-228	-8	0	0
Restated revaluation at January 1, 2020	0	0	0	0
Revaluation at December 31, 2020	0	0	0	0
Depreciation and impairment losses at January 1, 2020	435	1,466	760	0
Change in accounting policy prior years (see note 1)	-54	-8	0	0
Restated depreciation and impairment losses at January 1, 2020	381	1,458	760	0
Depreciation for the year	55	109	64	0
Reversal of depreciation on assets sold and scrapped	-48	-23	-4	0
Depreciation and impairment losses at December 31, 2020	388	1,544	820	0
Carrying amount at December 31, 2020	725	485	202	140
Carrying amount of right-of-use assets	481	0	6	0

Note 10 Investments

<i>DKK million</i>	Investments in Group enterprises	Investments in associated companies	Receivables from Group enterprises
Cost at January 1, 2020	252	17	59
Additions during the year	27	0	26
Cost at December 31, 2020	279	17	85
Value adjustment at January 1, 2020	1,027	-7	0
Change in accounting policy prior years (see note 1)	-46	0	0
Restated value adjustment at January 1, 2020	981	-7	0
Foreign currency adjustments	-106	1	-1
Dividend	-103	0	0
Net profit/loss for the year	186	-8	0
Other adjustments	-2	0	0
Investments with negative equity transferred to receivables	2	0	-2
Value adjustment at December 31, 2020	958	-14	-3
Carrying amount at December 31, 2020	1,237	3	82

<i>DKK million</i>	Finance lease receivables	Other securities and investments	Other receivables
Cost at January 1, 2020	8	36	25
Additions during the year	0	1	0
Disposals during the year	-1	0	0
Cost at December 31, 2020	7	37	25
Value adjustment at January 1, 2020	0	-33	-6
Value adjustment during the year	0	0	-1
Value adjustment at December 31, 2020	0	-33	-7
Carrying amount at December 31, 2020	7	4	18
Of this less than 1 year	2		

Investments in Group enterprises:

Name	Registered office	Voting and ownership share
Haldor Topsøe International A/S	Lyngby, Denmark	100%
Subcontinent Ammonia Investment Company ApS	Lyngby, Denmark	100%
Haldor Topsøe Project Investment A/S	Lyngby, Denmark	100%
HT Ramagundam A/S	Lyngby, Denmark	100%
Haldor Topsøe Sustainables A/S	Lyngby, Denmark	100%
Haldor Topsoe Germany GmbH	Essen, Germany	100%
Haldor Topsoe Australia Pty Ltd.	Perth, Australia	100%
OOO Haldor Topsøe	Moscow, Russia	100%
Haldor Topsoe, Inc.	Houston, USA	100%
Haldor Topsoe Project Development U.S. Inc.	Houston, USA	100%
Pacific Coast Fertilizer LLC	Seattle, USA	79%
Saturn Ferrostaal Gas Chemicals LLC	Wilmington, USA	100%
Haldor Topsoe eCOs Inc.	Wilmington, USA	100%
Haldor Topsoe LFG Solutions Inc.	Houston, USA	100%
Haldor Topsoe Canada Limited	Vancouver, Canada	100%
Haldor Topsoe De Mexico, S. A. de C. V.	Mexico City, Mexico	100%
Haldor Topsoe do Brasil Tecnologia e Servicos em Catalisadores Eireli	Rio de Janeiro, Brazil	100%
Haldor Topsoe America Latina S.A.	Buenos Aires, Argentina	100%
Haldor Topsøe (Beijing) Co., Ltd	Beijing, China	100%
Jiangsu JITRI-Topsoe Joint R&D Center Co. Ltd.	Suzhou, China	60%
Haldor Topsoe India Pvt. Ltd.	New Delhi, India	100%
Haldor Topsoe Sdn. Bhd.	Kuala Lumpur, Malaysia	100%

Note 10 Investment (continued)

Investments in associated companies:

Faradion Ltd., Sheffield, United Kingdom:
Haldor Topsoe A/S has invested in Faradion Ltd., corresponding to 23% of the share capital. Faradion Ltd. is a leading development company within sodium-ion battery technology, which is more cost-effective than comparable lithium-ion technologies.

Other securities and investments:

GTLA Holdings LP, Delaware, USA:
Haldor Topsoe A/S has invested in GTLA Holdings LP, corresponding to 3% of the share capital.
The purpose of the company is to develop a project regarding construction of a gas-to-liquid plant.
The fair value of the investment is DKK 0 million due to a license having currently been suspended.

Note 11 Inventories

<i>DKK million</i>	2020	2019
Raw materials and consumables	225	213
Work in progress	155	171
Finished goods	615	591
Inventories at December 31	995	975

Note 12 Contract work in progress

<i>DKK million</i>	2020	2019
Selling price of work performed at the balance sheet date	4,987	5,439
Payments received on account	-5,680	-6,070
Contract work in progress at December 31	-693	-631
Contract work in progress recognized in assets	176	278
Contract work in progress recognized in liabilities	-869	-909
Contract work in progress at December 31	-693	-631

Note 14 Provisions

<i>DKK million</i>	2020	2019
Warranty provision for technology projects and catalysts	282	193
Other provisions	1	1
Provisions at December 31	283	194

Approx. 1/3 of the provisions are potentially to be recognized within 1 year.

Note 13 Deferred tax

<i>DKK million</i>	2020	2019
Deferred tax at January 1	427	369
Change in accounting policy prior years (see note 1)	0	-30
Restated deferred tax at January 1	427	339
Tax for the year	-18	88
Deferred tax at December 31	409	427
Intangible assets and property, plant and equipment	57	65
Inventories	24	21
Work in progress	332	345
Provisions	-27	-24
Other	23	20
Deferred tax at December 31	409	427

Note 15 Non-current liabilities

<i>DKK million</i>	2020	2019
Bonds		
Less than 1 year	0	499
Bonds at December 31	0	499
Amortization cost included under long-term liabilities, bonds	0	1
Credit institutions		
After 5 years	178	125
Between 1 and 5 years	396	313
More than 1 year	574	438
Less than 1 year	123	94
Credit institutions at December 31	697	532
Lease liabilities		
More than 1 year	465	499
More than 1 year	465	499
Less than 1 year	48	48
Lease liabilities at December 31	513	547
Other payables		
More than 1 year	98	37
More than 1 year	98	37
Less than 1 year	4	1
Other payables at December 31	102	38

Other payables consist of employee holiday fund and deposits regarding office lease.

Note 16 Guarantees

<i>DKK million</i>	2020	2019
Guarantees given by banks and credit insurance institutions on the Company's behalf for contract work, etc.	696	1,106
Parent company guarantees issued by the Company for certain obligations in subsidiaries	28	28
Guarantees given by the Company in relation to Employee Share Program	8	0

Note 17 Contractual obligations

<i>DKK million</i>	2020	2019
Less than 1 year	14	14
Between 1 and 5 years	4	7
Contractual obligations at December 31	18	21

Contractual obligations relate to software and maintenance agreements running 6-24 months.

The Company has an obligation of DKK 3 million (2019: DKK 6 million) related to delivery of services towards Jiangsu JITRI-Topsoe Joint R&D Center Co. Ltd.

The Company is obligated to invest an additional DKK 5 million (2019: DKK 6 million) in companies included under 'Other investments'.

Note 18 Contingent liabilities

The Company's property in Frederikssund, Denmark, has been found to be contaminated. Management assesses that the remediation costs will not be significant.

Through participation in joint taxation scheme with Haldor Topsøe Holding A/S, the Company is jointly and severally liable for taxes, etc. payable in Denmark.

Haldor Topsoe A/S is a party to ongoing litigation. Management assesses that the outcome of these lawsuits will not affect the Company's financial position.

Note 19 Fee to auditors appointed at the general meeting

Please refer to the note in the consolidated financial statements.

Note 20 Related parties

The main shareholders are:

Haldor Topsøe Holding A/S, Lyngby, Denmark – shareholder – control

Dahlia Investments Pte. Ltd., Singapore – shareholder – minority

No transactions have been carried out with the Board of Directors, Senior Leadership Team, key management staff, shareholders, Group enterprises or other related parties which have not been under normal market conditions.

Note 21 Derivative financial instruments

<i>DKK million</i>	Contract amount 2020	Fair value 2020	Contract amount 2019	Fair value 2019
EUR interest rate swap, matures on December 31, 2021	8	0	17	-1
Interest rate swaps at December 31	8	0	17	-1

The Company uses interest rate swaps to hedge against changes in interest rate levels and thus reduce the interest rate risk. Interest rate swaps are used on floating rate loans.

<i>DKK million</i>	Contract amount 2020	Fair value 2020	Contract amount 2019	Fair value 2019
Aggregate amount of commodity swaps within metals, matures in 2022	13	3	0	0
Aggregate amount of commodity swaps within metals, matures in 2020	0	0	24	0
Commodity swaps at December 31	13	3	24	0

The Company uses commodity swaps to hedge against price fluctuations in raw materials, primarily base metals of specific production contracts. Hedging duration depends on the specific underlying contract, but it is typically less than 24 months.

The cost of raw materials is a significant cost component in our products, and costs can fluctuate considerably. The Company seeks to minimize the risk related to commodity price fluctuations through contractual escalation clauses. In addition, the Company uses financial hedging when quoting fixed contract prices.

Note 22 Fair value financial assets and liabilities

<i>DKK million</i>	Level 1	Level 2	Level 3
Other securities and investments			
Fair value at December 31, 2020	0	1	3
Value adjustment recognized in the income statement	0	0	0
Derivatives			
Fair value at December 31, 2020	0	0	3
Value adjustment recognized in reserve for value adjustment for hedging instruments under Equity	0	0	1

Level 1: Listed prices in an active market for the same type of instrument.

Level 2: Listed prices in an active market for similar assets or liabilities or other valuation methods according to which all material input is based on observable market data.

Level 3: Valuation methods according to which material input is not based on observable market data.

Please refer to note 10 for information on input to valuation of 'Other securities and investments' stated at fair value in level 3.

Note 23 Subsequent events

No events materially affecting the Company's financial position at December 31, 2020, have occurred after the balance sheet date.

Note 24 Consolidated financial statements

Haldor Topsoe Holding A/S prepares consolidated financial statements, which include the Company and its Group enterprises.

Note 25 Discontinuing operations

On June 20, 2017, Topsoe announced that it had sold its emissions control business areas. The divestment was finalized on November 30, 2017. The divestment comprised the subsidiaries Haldor Topsoe Catalyst (Tianjin) Co., Ltd., Haldor Topsoe Automotive Catalyst Trading (Tianjin) Co., Ltd. and Haldor Topsoe Catalisadores e Tecnologias do Brasil Ltda. as well as business assets and liabilities in Denmark, the US, and China.

Finalization of the divestment of the emissions control business areas impacted 2020 with a net profit of DKK 51 million after reversal of provisions made in previous years. 2019 was not impacted by discontinuing operations.

<i>DKK million</i>	2020	2019
Value adjustment of net assets sold	45	0
Profit on sale before income tax	45	0
Income tax	6	0
Profit from discontinuing operations	51	0

Statement by the Executive Management and Board of Directors on the Annual Report

The Executive Management and Board of Directors have today considered and approved the Annual Report 2020 of Haldor Topsøe A/S.

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the EU (IFRS), and the financial

statements of the parent company have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the parent company financial statements and the consolidated financial statements give a true and fair view of the financial position at December 31, 2020 of the Group and the parent company and of

the results of the Group and parent company operations and of the Group's cash flows for 2020 in accordance with the applied accounting policies.

In our opinion, the Management's review includes a true and fair account of the development in the operations and financial circumstances, of the results for the year and

of the financial position of the Group and the parent company as well as a description of the most significant risks and elements of uncertainty facing the Group and the parent company.

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

Lyngby, February 23, 2021

Registered Executive Management

Roeland Baan
President and Chief Executive Officer

Philip Eickhoff
Chief Financial Officer

Amy Hebert
Chief Commercial Officer

Board of Directors

Jeppe Christiansen
Chairman

Jakob Haldor Topsøe
Vice Chairman

Benoit Valentin
Vice Chairman

Jan Kreibaum
Member

Jens Kehlet Nørskov
Member

Jørgen Huno Rasmussen
Member

Rohit Sobti
Member

Christina Teng Topsøe
Member

Anders Broe Bendtsen
Employee representative

Christina Borch
Employee representative

Jette Søvang Christiansen
Employee representative

Lis Ibsen
Employee representative

Independent Auditor's Report

To the Shareholders of Haldor Topsoe A/S

Opinion

In our opinion, the Consolidated Financial Statements give a true and fair view of the Group's financial position at December 31, 2020 and of the results of the Group's operations and cash flows for the financial year January 1 to December 31, 2020 in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act.

Moreover, in our opinion, the Parent Company Financial Statements give a true and fair view of the Parent Company's financial position at December 31, 2020 and of the results of the Parent Company's operations for the financial year January 1 to December 31, 2020 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Haldor Topsoe A/S for the financial year January 1 - December 31, 2020, 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 statement of comprehensive income and cash flow statement for the Group ("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 Financial 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 Statement Act. We did not identify any material misstatement in Management's review.

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of Consolidated Financial Statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the EU and further requirements in the Danish Financial Statements Act and for the preparation of 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 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 financial statements unless Management either intends to liquidate the Group or the Parent 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

judgment and maintain professional skepticism 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 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 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 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 Parent 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.

Copenhagen, February 23, 2021

PricewaterhouseCoopers

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