# Andritz Feed & Biofuel A/S

**Glentevej 5-7, 6705 Esbjerg Ø**

**Company reg. no. 43 85 44 10**

## Annual report

## 1 January - 31 December 2020

The annual report was submitted and approved by the general meeting on the 12 May 2021.

Stefan Weber
Chairman of the meeting

# Contents



Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

# Management's report

Today, the board of directors and the executive board have presented the annual report of Andritz Feed & Biofuel A/S for the financial year 1 January - 31 December 2020.

The annual report has been presented in accordance with the Danish Financial Statements Act.

We consider the accounting policies appropriate and, in our opinion, the financial statements provide a fair presentation of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the company's results of activities in the financial year 1 January – 31 December 2020.

We are of the opinion that the management commentary presents a fair account of the issues dealt with.

We recommend that the annual report be approved by the general meeting.

Esbjerg, 12 May 2021

**Executive board**

Stefan Weber    Giedre Serritslev

**Board of directors**

Humbert Köfler    Heinz Norbert Nettesheim    Michael Rolf Lierau

Dina Jensen    Winnie Howard Brandt

## Independent auditor's report

**To the shareholders of Andritz Feed & Biofuel A/S**

**Opinion**

We have audited the financial statements of Andritz Feed & Biofuel A/S for the financial year 1 January - 31 December 2020, which comprise income statement, statement of financial position, statement of changes in equity, notes and accounting policies. The financial statements have been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements present a fair view of the company's assets, equity and liabilities, and financial position at 31 December 2020 and of the results of the company's activities for the financial year 1 January - 31 December 2020 in accordance with the Danish Financial Statements Act.

**Basis for opinion**

We conducted our audit in accordance with international standards on auditing and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the section "Auditor's responsibilities for the audit of the financial statements". We are independent of the company in accordance with international ethical requirements for auditors (IESBA's Code of Ethics), 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.

**Responsibilities of management and those charged with governance for the financial statements**

Management is responsible for the preparation of financial statements that provide a fair view in accordance with the Danish Financial Statements Act. Management is also responsible for such internal control as the 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 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 unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

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

Our objectives are to obtain reasonable assurance about whether the financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report including an opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with international standards on auditing, 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 international standards on auditing, and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of management's preparation of the financial statements using the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists arising from events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure, and contents of the financial statements, including disclosures in notes, and whether the financial statements reflect the underlying transactions and events in a manner that presents a fair view.

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

**Statement on the management commentary**

Management is responsible for the management commentary.

Our opinion on the financial statements does not cover the management commentary, and we express no assurance opinion thereon.

## Independent auditor's report

In connection with our audit of the financial statements, it is our responsibility to read the management commentary and to consider whether the management commentary is materially inconsistent with the financial statements or the evidence obtained during the audit, or whether it otherwise appears to contain material misstatement.

Furthermore, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we believe that management commentary is consistent with the financial statements and that it has been prepared in accordance with the provisions of the Danish Financial Statement Act. We did not discover any material misstatement in the management commentary.

Kolding, 12 May 2021

**KPMG P/S**
State Authorized Public Accountant
Company reg. no. 25 57 81 98

Nikolaj Møller Hansen
State Authorised Public Accountant
mne33220

## Company information

| | | |
|---|---|---|
| **The company** | Andritz Feed & Biofuel A/S<br>Glentevej 5-7<br>6705 Esbjerg Ø | |
| | Company reg. no. | 43 85 44 10 |
| | Established: | 8 September 1964 |
| | Domicile: | Esbjerg |
| | Financial year: | 1 January 2020 - 31 December 2020 |
| **Board of directors** | Humbert Köfler<br>Heinz Norbert Nettesheim<br>Michael Rolf Lierau<br>Dina Jensen<br>Winnie Howard Brandt | |
| **Executive board** | Stefan Weber<br>Giedre Serritslev | |
| **Auditors** | KPMG P/S<br>Jupitervej 4, st<br>6000 Kolding | |

## Financial highlights

| DKK in thousands. | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| **Income statement:** | | | | | |
| Revenue | 404.612 | 397.796 | 382.313 | 437.440 | 499.087 |
| Gross profit | 95.470 | 77.071 | 96.075 | 99.078 | 108.657 |
| Operating profit/loss | 10.049 | -30.057 | -6.314 | -5.979 | -46.474 |
| Net financials | -223 | -3.108 | -1.393 | -2.890 | 432 |
| Net profit or loss for the year | 9.974 | -30.313 | -7.834 | -8.939 | -54.691 |
| **Statement of financial position:** | | | | | |
| Balance sheet total | 239.449 | 262.874 | 275.974 | 304.155 | 320.866 |
| Investments in property, plant and equipment | 1.543 | 4.305 | 775 | 469 | 1.062 |
| Equity | 24.740 | -15.034 | 14.780 | 23.066 | 32.253 |
| **Key figures in %:** | | | | | |
| Gross margin ratio | 23,6 | 19,4 | 25,1 | 22,6 | 21,8 |
| Net margin | 2,5 | -7,6 | -2,0 | -2,0 | -11,0 |
| Equity ratio | 10,3 | -5,7 | 5,4 | 7,6 | 10,1 |
| Return on equity | 205,5 | - | -41,4 | -32,3 | -370,6 |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

The comparative figures for 2016-2018 have not been restated. The comparative figures for these years have been stated in accordance with IAS 17.

The key figures and ratios shown in the statement of financial highlights have been calculated as follows:

**Gross margin ratio** $\dfrac{\text{Gross profit/loss x 100}}{\text{Revenue}}$

**Net Margin** $\dfrac{\text{Net profit or loss for the year x 100}}{\text{Revenue}}$

**Equity ratio** $\dfrac{\text{Equity, closing balance x 100}}{\text{Total assets, closing balance}}$

**Return on equity** $\dfrac{\text{Net profit or loss for the year x 100}}{\text{Average equity}}$

## Primary activities

ANDRITZ Feed & Biofuel A/S develops and builds machines and process systems for the industrial production of animal feed, pet food, fish feed and biofuel industry. This comprises unit equipment for grinding and mixing, expanding, pelleting, extruding, cooling, vacuum coating and drying, as well as complete feed mill and biofuel lines.

## Profit/loss for the year in relation to expected developments

The annual revenue amounts to DKK 404,6 million against DKK 397,8 million previous year. The result amounts to a profit of DKK 10,0 million against a loss of DKK 30,3 million previous year.

The result of the year is considered satisfactory by management as expectations for the year was a profit of DKK 0-5 million.

The reason for the satisfying result in 2020 has been in the increased cost awareness, with a thorough review of all cost categories for example reduction of travel costs, review of service providers for canteen and mobile phone costs; a continuation of the focus to maintain the contracted gross margins of our projects as well as getting a firm grip on the number of non-conformities with the result of reduced warranty costs. These actions were focused to achieve a profitable and sustainable capital business going forward, which already was achieved in 2020. During 2020 the company has not been significantly affected by the Covid-19 pandemic and therefore the company has not applied for any government aid packages. However, the pandemic has resulted in a hesitance of many customers to invest in major projects, resulting in a delay of order intake and a reduced backlog end of 2020 compared to previous expectations.

The Company has identified material errors in the following area that affect previously presented annual reports: In previous years not all work in progress projects has been classified correctly and thereby not recognized in accordance with IFRS 15. Correction to work in progress, revenue and cost of goods sold has been made in 2020 including comparative figures for 2019 in order to apply with IFRS 15. The change entails that profit for the year has decreased by DKK 1,7 million, and the balance sheet and equity have decreased by DKK 1,7 million. The profit for prior year has improved by DKK 2,0 million, and the balance sheet and equity for prior year have improved by DKK 2,0 million. The effect of the identified errors has been recognised directly in equity at the beginning of the comparative year, and the comparative figures have been restated.

## Uncertainties about recognition or measurement

As mentioned in the Annual report from 2019, the Danish Tax Authority had in the beginning of 2019 proposed a significant increase of the company’s taxable income for the years 2013 – 2017 based on a Transfer Pricing Tax Audit. In September 2020 we reached an agreement with the Tax Authority to increase our taxable income with a significant amount, however significant lower than originally proposed by the Tax Authority. Due to tax losses carry forward, the increase does not affect the profit and loss statement and therefore the tax provision, including interest payments accrued in 2019 has been reversed in 2020.

### Outlook

The management team has continued the implementation of the new strategy for the Feed & Biofuel Division with focus on profitable growth and restructuring of loss making business and a clear aim at becoming global leaders in our business segments, offer world class products and services and building long term partnerships with our customers. The organizational changes to a global industry Management driven focus is currently being implemented and detailed strategies and goals are being defined for each Industry segment in the beginning of 2021.

In 2020 the company started preparing for ISO9001:2015 certification. External certification audit has been passed in April 2021 and final certificate is expected in May 2021 after corrective action approval.

Even though the company has not been significantly affected by the Covid-19 pandemic during 2020, we have seen a delay in order intake on Capital projects during 2020, which resulted in a low capital order backlog. We expect this to have an impact on the results for the company for 2021 and even for 2022.

Based on the revised strategy and organizational structure, the order backlog situation end of 2020 and the ongoing Covid-19 uncertainties, the company expects to realize a result between 10-15 million DKK for 2021.

### Capital and cash resources

During 2020 the equity was reestablished by a capital contribution of DKK 30 million from the parent company. Furthermore, the parent company ensured that cash requirements to meet the company's obligations are available thru a long-term loan of DKK 80 million until August 2024.

### Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

### Particular risks

*Operations*

The key operating risks relate to the time as well as the cost realization of our capital project completion. This is mitigated by means of structured management of all projects to complete all backlog projects within the revised project estimates and schedule.

*Market risks*

The key market risks relate to continued development of products and services to enable us to meet market requirements in our business segments. This is ensured through continues dialogue with key customers as well as continued improvement and development in relevant technological areas, including through research and development activities.

*Currency exposure*
The Company primarily invoices in DKK, EUR and USD. In accordance with the Company's monetary policy significant currency risks are covered at entering of forward contracts for the part that are not DKK or EUR related.

*Interest risks*
As the net interest-bearing debt is primarily provided through Group credit facilities, we do not enter into transactions to hedge against interest rate exposure.

*Credit risks*
According to our policy for assuming credit risks, all customers and business partners are credit rated regularly.

**Research and development activities**

The research and development activities of 2020 have been concentrated on the increase of our product quality and on cost reduction of the material cost in our existing product program.

The development activities in 2020 amounted to DKK 5,9 million compared to DKK 9,5 million in the previous year. All development costs are taken to the profit and loss account.

**Statutory report on corporate social responsibility**

This section on corporate social responsibility is included in accordance with the Danish Financial Statements Act, § 99a.

For a description of our business model, please see above under “Primary activities”.

**Health, Safety and Environment (HSE)**

At ANDRITZ Feed & Biofuel "Safety First" is our overarching target number one. Our general HSE policy is:

- We will conduct our daily business while observing highest possible health & safety standards for all our employees, customers and other business partners
- We will conduct our daily business with a minimum harm to the environment and
- We will proactively engage all our employees and other key stake holders in identifying, preserving as well as eliminate HSE risks.

Our policies are implemented by:

- We identify the hazards created by our activities, such as employee safety and health risks and implement preventive control measures so far as reasonably practicable to minimize such risks.
- Effective health and safety management requires communication, co-ordination and supervision including regular safety walks. We coordinate our health and safety activities with our partners and customers.
- Our executives set examples for good health and safety practice and promote health and safety awareness to all our employees, in support of this, we provide adequate resource and training.

- All employees and contract personnel have to contribute to health and safety matters, observe health and safety instructions and use the safety equipment provided.
- We contribute to the stability of our business results by acting in compliance with health and safety legislation, minimizing risks to people, plants and products and by being proactive in the prevention of accidents and incidents.

In January 2021 the company celebrated 1.000 days since the last accident happened with absence more than 3 days. In 2020, the Accident Frequency Rate (AFR) with absence more than 3 days had therefore been zero. For a company of our size we would have expected an AFR of 2.0 for that period. For the coming year, the key performance indicator has changed from an AFR of 3 days to an AFR of 1 day absence.

**Recruitment, training and retainment**
Our business is largely based on the sale, execution and servicing of machines based on own technology and as such, there is a continuous requirement for recruiting and retaining qualified staff. This is ensured through policies and procedures for recruitment, Individual Development & Performance (IDP) Dialogue and goal settings etc. The IDP dialogue is an annual process to connect the past, present and future by defining and agreeing on goals, competencies and development plans. The dialogue is to establish a common understanding of the expectations and needs for a good performance as well as competencies and development, giving and receiving feedback and discussing employees' career aspirations. Above standing actions are established to mitigate risks for long-term illnesses and to ensure a good work environment for our employees.

Despite Covid-19 281 training days were held in 2020, which corresponds to approx. 2,6 training days per employee.

**Climate/environment**
We are aware that our business presents a risk to the climate/environment, which we address by continuously having focus on reducing the adverse impact on the environment when selecting materials, energy and other resources, technologies, and working processes.

In 2020 we have defined our environmental goals to be reached before end of 2025, with 2019 as base:

- Reduce Green House Gas emissions (scope 1 and 2) by 50%
- Reduce water consumption by 10%
- Reduce waste consumption by 10%
- Increase share of use of green products by 50%

For the years 2021 to 2023 we have entered an agreement with our electricity provider to buy only carbon neutral electricity from Wind Power. We have updated our company car policy to include plug-in hybrid and electric cars. Our target is that more than 50% of the company cars to be replaced in 2021 will be plug-in hybrid or electric cars. Due to our cost reduction initiative and the Covid-19 pandemic our travel costs and thereby emissions have been significant decreased during 2020. We are working on measures to keep these lower travel activities sustainable also after the Covid-19 period.

### Human Rights
We treat each other with respect, dignity and fairness. This includes protecting human rights in our business activities and ensuring healthy working conditions in line with laws and internationally applicable standards. We therefore endeavor to enhance compliance with best practices (such as those set forth by ILO, OECD Guidelines for Multinational Enterprises, UN Global Compact Initiative or the Global Reporting Initiative). The below standing actions have been implemented to mitigate our identified risks within the area of human rights:
- not be complicit in human rights violations within our sphere of influence;
- not practice any form of discrimination in hiring or employment practices on the grounds of race, color, ethnic origin, religion, nationality, gender, sexual orientation, age, physical ability, health condition, political or social opinion, union membership, or marital status or any other basis prohibited by applicable law;
- not engage in or benefit from any form of forced or involuntary labor;
- not engage in or benefit from any form of child labor;
- recognize and respect the employees' right of free association and to collective bargaining;
- ensure that the workplace is safe and contains no health hazards;
- pay all workers at least the minimum wage required by law or applicable industry regulations;
- ensure that employment conditions, including vacation, working time, and leave periods, are consistent with mandatory standard laws or applicable industry regulations.

In 2020 we have required all new suppliers as well as our existing major suppliers to sign our binding boarding form to confirm that they have procedures in place to enforce our human rights requirements. In 2021 we will furthermore ensure that remaining existing suppliers will also sign our boarding form. It is mandatory for our employees to complete various eLearning programs covering basic compliance, Data protection, our Code of Conduct and Ethics as well as Suppliers Code of Conduct and Ethics. During 2020 we had a 100% response on our eLearning program, which we expect to continue in 2021.

In 2020 we have not seen any violations to our policy.

### Anti-corruption and bribery
We are committed to conduct our business with integrity and in compliance with legal requirements by adhering to applicable laws and international standards of business ethics. The below standing actions have been implemented to mitigate our identified risks within the area of anti-corruption and bribery:
- we comply with all applicable laws and regulations in the countries where we conduct business;
- we do not engage in or tolerate any form of corruption, bribery, extortion or embezzlement, in particular, we do not directly or indirectly engage in or tolerate any form of granting a payment or anything of value in favor of government officials and employees of business partners with the purpose of influencing decision-making in violation of the law. In particular, our acts are compliant with the principles set forth by OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions and corresponding other local laws prohibiting bribery. This means that our employees, directors and those acting on behalf of ANDRITZ do not offer, promise, give, or authorize any sort of bribe or kickback in order to obtain or retain business or any improper business advantage;
- we comply with antitrust and fair competition laws, in particular our employees, directors and

- those acting on behalf of ANDRITZ do not discuss topics that could violate, or appear to violate, competition laws by price-fixing; terms of sale; bid-rigging; division of markets, territories or customers; tying and bundling products; using deceptive trade practices; or abusing a dominant market position;
- we avoid conflicts of interest, in particular by disclosing any financial interest that an ANDRITZ employee may have in a supplier, and by not accepting or asking for, directly or indirectly, any benefit from a supplier of ANDRITZ with a view to granting business with ANDRITZ. We do not allow third parties and suppliers to influence or attempt to influence ANDRITZ employees or their family members by providing them with gifts, favors, entertainment, personal benefits, or preferential treatment that is beyond a modest and/or reasonable dimension and which cannot clearly be considered a culturally acceptable display of business manners or mere hospitality. Otherwise, no gift or favor shall be accepted that could be interpreted as being intended or is intended to influence the objective decision-making process by our employees, directors or those acting on behalf of ANDRITZ;
- we comply with insider trading rules. ANDRITZ AG is a publicly traded company on the Vienna Stock Exchange. While working with any company of the ANDRITZ GROUP, you may occasionally have access to non-public “inside” information about ANDRITZ and the companies with which we do business. If such non-public information about ANDRITZ or its business partners would be considered by a reasonable investor in deciding whether to buy, sell or hold stock of these companies, it is considered to be material non-public (or “insider”) information. Buying or selling securities, such as stock or options, on the basis of insider information is a violation of the law on securities and is strictly prohibited. Disclosure of insider information is therefore prohibited, unless required by law (usually done in form of public announcements by the Group Management).
- we do not engage in a political activity on behalf of ANDRITZ. We respect the right of each of us to participate in political activities; however, any decision to be involved in such activity is entirely a personal and voluntary one. At all times we must make it clear that our political views are our own personal views and not those of the Company. Strict limits on corporate political activity mean that employees may not make any direct or indirect political contribution on behalf of ANDRITZ or with company funds. In general, as a company, we do not engage in donations or sponsoring. Requests for exceptions for special cases will be directed to the ANDRITZ AG Executive Board for approval and must follow legal regulations.
- we will not be complicit in money laundering schemes. We need to remain alert with regard to payments relating to our business that come from unidentified sources or unrecognized bank accounts, or bank accounts unrelated to the paying party, or that are not aligned with amounts we are expecting to receive in payment.

In 2020 we have required all new suppliers as well as our existing major suppliers to sign our binding boarding form to confirm that they have procedures in place to enforce our anti-corruption and bribery requirements. In 2021 we will furthermore ensure that remaining suppliers will also sign our boarding form. It is mandatory for our employees to complete various eLearning programs covering basic compliance, Fraud prevention, Preventing Corruption, our Code of Conduct and Ethics as well as Suppliers Code of Conduct and Ethics. During 2020 we had a 100% response on our eLearning program, which we expect to continue in 2021.

In 2020 we have not seen any violations to our policy.

More information on the ANDRITZ can be found on the group's homepage:
https://www.andritz.com/resource/blob/25030/9c26fdd92880a7a1adda040484a05687/gr-code-of-business-conduct-and-ethics-v01-en-data.pdf

**Statutory report on the underrepresented gender**

This section on the underrepresented gender is included in accordance with the Danish Financial Statements Act, § 99b.

ANDRITZ Feed & Biofuel policy about diversity is laid out in the Code of Conduct. We offer equal employment opportunities to qualified individuals, regardless of race, religion, national origin, age, sex, or disability, and we work to maintain a diverse workforce where employees are hired, retained, compensated, disciplined, and promoted based on their contribution to our company and their performance.

Our Board of Directors is composed of 5 members of which 3 are elected by the general assembly. We target to have both genders represented in the Board of Directors amongst the general assembly elected members. This was not achieved for 2020, however we will always ensure that, regardless of gender, a board member has the necessary skills, and that election of board members is based on the skills that are needed. The proportion of the underrepresented gender of the board members elected by the general assembly is therefore still 0% at 31.12.2020. We expect our goal of 33% to be achieved within the next 3 years. In 2020 we have been able to influence the election of the employee elected Board members, of which 2 out of 2 are women. However, the general assembly elected Board members are chosen by our Parent company ANDRITZ AG, for which we have no influence of the composition.

The company has 33% (2019: 33%) representation of the underrepresented gender for the other management levels, based on 8 (2019: 8) women out of total 24 (2019: 24) employees. Our policy is that we have at least a 40% representation of the underrepresented gender for the other management levels. The representation is unchanged from last year, and our goal is therefore still not reached. To achieve the goal, the company supports and encourages the appointment of women in all management positions and expect to achieve the goal within the next 2 years. A strict equal opportunities policy is considered very important in the recruitment process. In our efforts to promote female employees, the company will however refrain from any measures that would discriminate against male employees. The proportion of woman in the total workforce decreased to 28,3% as of December 31, 2020 (2019: 28,6%).

## Income statement 1 January - 31 December

DKK thousand.

| Note | | 2020 | 2019 |
|---|---|---|---|
| 1 | Revenue | 404.612 | 397.796 |
| | Production costs | -309.142 | -320.725 |
| | **Gross profit** | **95.470** | **77.071** |
| | Distribution costs | -76.303 | -96.955 |
| | Administration costs | -10.887 | -13.487 |
| | Other operating income | 1.769 | 3.314 |
| | **Operating profit/loss** | **10.049** | **-30.057** |
| | Income from equity investment in group enterprise | 0 | -170 |
| 4 | Other financial income | 9.071 | 6.253 |
| 5 | Other financial costs | -9.294 | -9.191 |
| | Financing, net | -223 | -3.108 |
| | **Pre-tax net profit or loss** | **9.826** | **-33.165** |
| 6 | Tax on net profit or loss for the year | 148 | 2.852 |
| **7** | **Net profit or loss for the year** | **9.974** | **-30.313** |

## Balance sheet at 31 December

DKK thousand.

| Note | Assets | 2020 | 2019 |
|---|---|---|---|
| | **Non-current assets** | | |
| 8 | Concessions, patents, licenses, trademarks, and similar rights acquired | 206 | 0 |
| | Total intangible assets | 206 | 0 |
| 9 | Property | 30.794 | 32.630 |
| 9 | Plant and machinery | 1.157 | 1.796 |
| 9 | Other fixtures and fittings, tools and equipment | 3.926 | 5.318 |
| 9 | Property, plant and equipment under construction including prepayments for property, plant and equipment | 0 | 100 |
| | Total property, plant and equipment | 35.877 | 39.844 |
| 10 | Equity investment in group enterprise | 0 | 0 |
| 11 | Other receivables | 18.810 | 25.279 |
| | Total investments | 18.810 | 25.279 |
| | **Total non-current assets** | **54.893** | **65.123** |
| | **Current assets** | | |
| | Raw materials and consumables | 77 | 84 |
| | Work in progress | 2.667 | 1.820 |
| | Manufactured goods and goods for resale | 44.535 | 47.005 |
| | Prepayments for goods | 1.069 | 1.804 |
| | Total inventories | 48.348 | 50.713 |
| | Trade receivables | 32.442 | 43.785 |
| 12 | Contract work in progress | 27.760 | 15.115 |
| | Receivables from group enterprises | 48.553 | 55.708 |
| 13 | Deferred tax assets | 2.954 | 7.850 |
| 14 | Other receivables | 5.884 | 6.778 |
| 15 | Prepayments and accrued income | 993 | 686 |
| | Total receivables | 118.586 | 129.922 |
| | Cash on hand and demand deposits | 17.622 | 17.116 |
| | **Total current assets** | **184.556** | **197.751** |
| | **Total assets** | **239.449** | **262.874** |

## Balance sheet at 31 December

DKK thousand.

| Note | Equity and liabilities | 2020 | 2019 |
|---|---|---|---|
| | **Equity** | | |
| | Contributed capital | 11.002 | 11.002 |
| | Revaluation reserve | 20.458 | 21.215 |
| | Retained earnings | -6.720 | -47.251 |
| | **Total equity** | **24.740** | **-15.034** |
| | **Provisions** | | |
| 16 | Other provisions | 9.357 | 29.762 |
| | **Total provisions** | **9.357** | **29.762** |
| | **Liabilities other than provisions** | | |
| | Lease liabilities | 3.042 | 4.634 |
| | Payables to group enterprises | 81.850 | 0 |
| 17 | Total long term liabilities other than provisions | 84.892 | 4.634 |
| 17 | Current portion of long term payables | 2.003 | 2.438 |
| | Prepayments received from customers | 7.287 | 10.880 |
| 12 | Prepayments received from customers for contract work in progress | 16.522 | 40.886 |
| | Trade payables | 32.474 | 26.303 |
| | Payables to group enterprises | 29.280 | 140.341 |
| 18 | Other payables | 32.765 | 22.406 |
| 19 | Accruals and deferred income | 129 | 258 |
| | Total short term liabilities other than provisions | 120.460 | 243.512 |
| | **Total liabilities other than provisions** | **205.352** | **248.146** |
| | **Total equity and liabilities** | **239.449** | **262.874** |

**2 Employee issues**
**3 Fees, auditor**
**20 Contingencies**
**21 Related parties**

## Statement of changes in equity

DKK thousand.

| | Contributed capital | Revaluation reserve | Retained earnings | Total |
|---|---|---|---|---|
| Equity 1 January 2020 | 11.002 | 21.215 | -47.251 | -15.034 |
| Reversal of prior revaluations | 0 | -757 | 757 | 0 |
| Retained earnings for the year | 0 | 0 | 9.974 | 9.974 |
| Other entries on equity | 0 | 0 | -256 | -256 |
| Tax on entries on equity | 0 | 0 | 56 | 56 |
| Group Subsidy | 0 | 0 | 30.000 | 30.000 |
| | **11.002** | **20.458** | **-6.720** | **24.740** |

DKK thousand.

| | | 2020 | 2019 |
|---|---|---|---|
| **1.** | **Revenue** | | |
| | Europe | 239.839 | 256.294 |
| | Other world | 164.773 | 141.502 |
| | | **404.612** | **397.796** |

The distribution of revenue across business segments is, in accordance with the Danish Financial Statements Act section 96 (1), not disclosed, as information about this may cause material damage to the Company.

| | | 2020 | 2019 |
|---|---|---|---|
| **2.** | **Employee issues** | | |
| | Salaries and wages | 72.954 | 79.403 |
| | Pension costs | 4.586 | 4.934 |
| | Other costs for social security | 180 | 645 |
| | | **77.720** | **84.982** |
| | Executive board | 16 | 16 |
| | Board of directors | 3.317 | 5.072 |
| | | **3.333** | **5.088** |
| | Average number of employees | 120 | 122 |

**3. Fees, auditor**

A statement of auditor's fees has not been elaborated in accordance with the Danish Financial Statements Act section 96(3).

| | | 2020 | 2019 |
|---|---|---|---|
| **4.** | **Other financial income** | | |
| | Other interest income | 4 | 60 |
| | Interest related to income taxes | 2.750 | 0 |
| | Exchange differences | 6.317 | 6.193 |
| | | **9.071** | **6.253** |

## Notes

DKK thousand.

| | | 2020 | 2019 |
|---|---|---|---|
| **5.** | **Other financial costs** | | |
| | Interest, group enterprises | 2.566 | 2.810 |
| | Other financial expenses | 395 | 2.573 |
| | Exchange differences | 6.333 | 1.058 |
| | Interest related to income taxes | 0 | 2.750 |
| | | **9.294** | **9.191** |
| **6.** | **Tax on net profit or loss for the year** | | |
| | Tax on profit or loss for prior year | -5.100 | 5.100 |
| | Adjustment of deferred tax for the year | 4.952 | -7.952 |
| | | **-148** | **-2.852** |
| **7.** | **Proposed appropriation of net profit** | | |
| | Transferred to retained earnings | 9.974 | 0 |
| | Allocated from retained earnings | 0 | -30.313 |
| | **Total allocations and transfers** | **9.974** | **-30.313** |

**8. Intangible assets**

| | **Concessions, patents, licenses, trademarks, and similar rights acquired** |
|---|---|
| Additions during the year | 212 |
| **Cost 31. december 2020** | **212** |
| Depreciation for the year | 6 |
| **Depreciation and writedown 31. december 2020** | **6** |
| **Carrying amount 31. december 2020** | **206** |

DKK thousand.

### 9. Property, plant and equipment

| | Property | Plant and machinery | Other Fixtures and fittings, tools and equipment | Property, plant and equipment under construction including prepayments for property, plant and equipment |
|---|---|---|---|---|
| Cost 1. januar 2020 | 44.519 | 34.510 | 9.481 | 100 |
| Additions during the year | 100 | 0 | 1.443 | 0 |
| Disposals during the year | 0 | -210 | -1.652 | -100 |
| **Cost 31. december 2020** | **44.619** | **34.300** | **9.272** | **0** |
| Revaluation 1. januar 2020 | 31.400 | 0 | 0 | 0 |
| **Revaluation 31. december 2020** | **31.400** | **0** | **0** | **0** |
| Depreciation and writedown 1. januar 2020 | 43.289 | 32.714 | 2.937 | 0 |
| Depreciation for the year | 1.936 | 639 | 2.409 | 0 |
| Reversal regarding disposals | 0 | -210 | 0 | 0 |
| **Depreciation and writedown 31. december 2020** | **45.225** | **33.143** | **5.346** | **0** |
| **Carrying amount 31. december 2020** | **30.794** | **1.157** | **3.926** | **0** |
| Carrying amount without revaluations | 5.214 | | | |
| Carrying amount of leased assets | 1.051 | 972 | 3.310 | |

DKK thousand.

| | | 31/12 2020 | 31/12 2019 |
|---|---|---|---|
| **10.** | **Equity investment in group enterprise** | | |
| | Cost 1 January 2020 | 8.277 | 8.277 |
| | Disposals during the year | -8.277 | 0 |
| | **Cost 31 December 2020** | **0** | **8.277** |
| | Revaluations, opening balance 1 January 2020 | -8.277 | -8.277 |
| | Adjustment during the year | 8.277 | 0 |
| | **Revaluation 31 December 2020** | **0** | **-8.277** |
| | **Carrying amount, 31 December 2020** | **0** | **0** |

**Group enterprise:**

| | Domicile | Equity interest |
|---|---|---|
| ANDRITZ FEED & BIOFUEL DO BRASIL Ltda. | Brazil | 0 % |

| | | 31/12 2020 | 31/12 2019 |
|---|---|---|---|
| **11.** | **Other receivables** | | |
| | Cost 1 January 2020 | 25.279 | 0 |
| | Additions during the year | 0 | 25.279 |
| | Disposals during the year | -1.489 | 0 |
| | Adjustments | -5.032 | 0 |
| | Exchange rate adjustment | 52 | 0 |
| | **Cost 31 December 2020** | **18.810** | **25.279** |
| | **Carrying amount, 31 December 2020** | **18.810** | **25.279** |
| | It is specified as follows: | | |
| | Other receivables | 18.810 | 25.279 |
| | | **18.810** | **25.279** |

DKK thousand.

| | | 31/12 2020 | 31/12 2019 |
|---|---|---|---|
| **12.** | **Contract work in progress** | | |
| | Selling price of the production for the period | 147.458 | 151.835 |
| | Payments received on account | -136.220 | -177.606 |
| | **Contract work in progress, net** | **11.238** | **-25.771** |
| | The following is recognised: | | |
| | Contract work in progress (current assets) | 27.760 | 15.115 |
| | Contract work in progress (prepayments received on account) | -16.522 | -40.886 |
| | | **11.238** | **-25.771** |
| **13.** | **Deferred tax assets** | | |
| | Deferred tax of the net profit or loss for the year | 2.954 | 7.850 |
| | | **2.954** | **7.850** |
| **14.** | **Other receivables** | | |
| | Other receivables | 5.834 | 6.471 |
| | Derivative finansiel instruments | 50 | 307 |
| | | **5.884** | **6.778** |

**15. Prepayments and accrued income**

Prepayments include advance payments regarding rent, IT-expenses regarding exhibitions, rentals etc.

**16. Other provisions**

Other provisions comprise expenses for warranty, claim regarding WIP and tax provisions.

DKK thousand.

**17. Liabilities other than provision**

| | Total payables 31 Dec 2020 | Current portion of long term payables | Long term payables 31 Dec 2020 | Outstanding payables after 5 years |
|---|---|---|---|---|
| Lease liabilities | 5.045 | 2.003 | 3.042 | 353 |
| Payables to group enterprises | 81.850 | 0 | 81.850 | 0 |
| | **86.895** | **2.003** | **84.892** | **353** |

**18. Other payables**

| | | |
|---|---|---|
| VAT payable | 50 | 749 |
| Salaries, wages and bonus | 11.224 | 3.659 |
| Holiday pay obligations, salaried staff | 9.786 | 8.748 |
| Other cost payables | 11.705 | 9.250 |
| | **32.765** | **22.406** |

**19. Accruals and deferred income**

Short-term defferred income include prepaid rental income and grant from EUDP regarding test plant.

**20. Contingencies**

**Contingent assets**

Based on the results in recent years, uncertainty about future results, mainly due to Covid-19, Management has made a valuation allowance for deferred tax at year end 2020 and included a deferred tax asset of DKK 2.954 k in the balance sheet relating primarily to tax losses carry forward.

Under the assumption of full utilization with the current tax legislation, the deferred tax asset not recognized amount to DKK 9.858 k and relate primarily to fixed assets and work in progress.

DKK thousand.

**20. Contingencies (continued)**

**Contingent liabilities**

The Company is liable for guarantees in connection with projects in progress have been given at a total amount of:
EUR 1,387 k

In order to secure debtors in foreign currencies and future transactions for signed sale agreements the Company has entered into forward contracts. The market value of the forward contracts at the balance sheet date is positive by DKK 50 k, which has been taken to equity and been provided under other receivables.

**21. Related parties**

**Controlling interest**

Andritz AG, Stattegger Strasse 18, A-8045 Graz, Austria — Majority shareholder

**Transactions**

The Company has had the following transactions with related parties:

| | 2020 | 2019 |
|---|---|---|
| Sale of goods to group entities | 103.794 | 81.313 |
| Purchase of goods from group entities | -153.326 | -141.547 |
| Sale of service to group entities | 27.648 | 34.274 |
| Purchase of service from group entities | -38.659 | -36.129 |
| Total | -60.543 | -62.089 |

Receivables and payables to related entities are disclosed in the balance sheet, and expensed interest is disclosed in note 5.

DKK thousand.

**Consolidated financial statements**

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Andritz AG, Austria

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Andritz AG, Austria

The group report for the foreign parent company can be ordered from the following address.

Andritz AG, Stattegger Strasse 18, A-8045 Graz, Austria

# Accounting policies

The annual report for Andritz Feed & Biofuel A/S has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class C enterprises (large enterprises).

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Referring to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared.

A cash flow statement has not been elaborated in accordance with the Danish Financial Statements Act section 86(4).

**Material error**

In previous years not all work in progress projects has been classified correctly and thereby not recognized in accordance with IFRS 15. Correction to work in progress, revenue and cost of goods sold has been made in 2020 including comparative figures for 2019 in order to apply with IFRS 15. The change entails that profit for the year has decreased by DKK 1,7 million, and the balance sheet and equity have decreased by DKK 1,7 million. The profit for prior year has improved by DKK 2,0 million, and the balance sheet and equity for prior year have improved by DKK 2,0 million. The effect of the identified errors has been recognised directly in equity at the beginning of the comparative year, and the comparative figures have been restated.

**Recognition and measurement in general**

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that futureeconomic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

### Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Receivables, payables and other monetary items denominated in foreign currencies that have not been settled at the balance sheet date are translated using the exchange rate at the balance sheet date. Exchange differences that arise between the rate at the transaction date and the rate in effect at the payment date, or the rate at the balance sheet date are recognised in the income statement as financial income or financial expenses. Property, plant and equipment, intangible assets, inventories and other non-monetary assets that have been purchased in foreign currencies are translated using historical rates.

When recognising foreign subsidiaries and associates that are independent entities, the income statements are translated at average exchange rates for the months that do not significantly deviate from the rates at the transaction date. Balance sheet items are translated using the exchange rates at the balance sheet date. Exchange differences arising out of the translation of foreign subsidiaries' equity at the beginning of the year at the balance sheet date exchange rates as well as out of the translation of income statements from average rates to the exchange rates at the balance sheet date are classified directly as equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question are classified directly as equity.

When recognising foreign subsidiaries that are integral entities, monetary assets and liabilities are translated using the exchange rates at the balance sheet date. Non-monetary assets and liabilities are translated at the exchange rate at the time of acquisition or the time of any subsequent revaluation or write-down. The items of the income statement are translated at the average rates of the months; however, items deriving from non-monetary assets and liabilities are translated using the historical rates applicable to the relevant non-monetary items.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Derivative financial instruments are recognised under other receivables or other payables.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging the fair value of a recognised asset or a recognised liability are recorded in the income statement together with changes in the value of the hedged asset or the hedged liability.

Changes in the fair value of derivative financial instruments classified as and complying with the requirements for hedging future transactions are recognised directly in equity. When the hedged transactions are realised, the accumulated changes are recognised as part of cost of the relevant financial statement items.

For derivative financial instruments that do not comply with the requirements for being treated as hedging instruments, changes in fair value are recognised currently in the income statement as financial income or financial expenses.

## Income statement

**Revenue**

The Company has chosen to rely on IFRS 15 Revenue from contracts with customers as the basis of interpretation when recognising revenue.

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

**Production costs**

Production costs comprise expenses incurred to earn revenue for the financial year. Production costs comprise direct and indirect costs for raw materials and consumables, wages and salaries, rent and lease as well as amortisation, depreciation and impairment losses relating to property, plant and equipment included in the production process. In addition, the item includes ordinary writedown of inventories.

Also, provisions for loss on contract work in progress are recognised under production costs.

**Distribution costs**

Distribution costs comprise costs incurred for sale and distribution of the Entity’s products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses, etc as well as amortisation, depreciation and impairment losses relating to property, plant and equipment attached to the distribution process.

**Administration costs**

Administrative costs comprise expenses incurred for the Entity’s administrative functions, including wages and salaries for administrative staff and Management, stationery and office supplies as well as amortisation, depreciation and impairment losses relating to property, plant and equipment used for administration of the Entity.

**Other operating income**

Other operating income comprises income of a secondary nature as viewed in relation to the Entity’s primary activities.

**Financial income and expenses**

Financial income comprises interest income including interest income on receivables from group enterprises, net capital gains on securities, payables and transactions in foreign currencies, amortisation of financial assets as well as tax relief under the Danish Tax Prepayment Scheme etc.

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, including financial leasing obligations as well as tax surcharge under the Danish Tax Prepayment Scheme etc.

**Results from equity investment in group enterprise**

Income/loss from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

**Tax on net profit or loss for the year**

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

## Balance sheet

**Intangible assets**

**Concessions, patents, and licences**

Concessions, patents and licenses are measured at cost less accrued amortisation. Patents are amortised on a straightline basis over the remaining patent period and concessions og licenses are amortised over the contract period, however, for a maximum of 10 years.

Profit and loss from the sale of concessions, patents, and licenses are measured as the difference between the sales price less sales costs and the carrying amount at the time of sale. Profit or loss are recognised in the income statement as other operating income or other operating expenses, respectively.

**Property, plant, and equipment**

Land and buildings, plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

Revaluations of land and buildings are made on the basis of regular independent assesment of the fair value.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

| | Useful life |
|---|---|
| Office Buildings | 50 years |
| Factory Buildings | 25 years |
| Building improvements | 10 years |
| Plant and machinery | 5 years |
| Other fixtures and fittings, tools and equipment | 3-5 years |

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

**Leases**

At their initial recognition in the statement of financial position, leases concerning property, plant, and equipment where the company holds all essential risks and advantages associated with the proprietary right (finance lease) are measured either at fair value or at the present value of the future lease payments, whichever value is lower. When calculating the present value, the discount rate used is the internal rate of return of the lease or, alternatively, the borrowing rate of the enterprise. Hereafter, assets held under a finance lease are treated in the same way as other similar property, plant, and equipment.

The capitalised residual lease commitment is recognised in the statement of financial position as a liability other than provisions, and the interest part of the lease is recognised in the income statement for the term of the contract.

**Investments in group enterprise**

Investments in group enterprises are recognised and measured according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus or minus unrealised intra-group profits or losses.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation is imminent, a provision is recognised that is measured at present value of the costs deemed necessary to incur to settle the obligation.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to Reserve for net revaluation according to the equity method under equity.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

**Inventories**

Inventories are measured at cost on the basis of weighted measured average prices. In cases when the net realisable value is lower than the cost, the latter is written down for impairment to this lower value.

Cost consists of purchase price plus delivery costs. Cost of manufactured goods and work in progress consists of costs of raw materials, consumables, direct labour costs and indirect production costs.

Indirect production costs comprise indirect materials and labour costs, costs of maintenance of, depreciation of and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process as well as costs of factory administration and management. Finance costs are not included in cost.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

**Receivables**

Receivables are measured at amortised cost, usually equalling nominal value less writedowns for bad and doubtful debts.

**Contract work in progress**

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts as well as financing costs are recognised in the income statement as incurred.

**Prepayments and accrued income**

Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

**Cash on hand and demand deposits**

Cash comprises cash in hand and bank deposits.

**Equity**

**Revaluation reserve**

Revaluations of property less deferred tax are recognised under the revaluation reserve. The reserve is reduced when the value of revalued property is reduced due to depreciation. The reduction represents the difference between depreciation based on the revalued carrying amount of the property and depreciation based on the original cost of the property. The reserve is partly or totally dissolved on the sale of the property and reduced as a result of impairment loss on property.

**Income tax and deferred tax**

Current tax receivables and tax liabilities are recognised in the statement of financial position with the amount calculated on the basis of the expected taxable income for the year adjusted for tax on previous years' taxable income and prepaid taxes. Tax receivables and tax liabilities are offset to the extent that a legal right of set-off exists and the items are expected to be settled net or simultaneously.

Deferred tax is tax on all temporary differences in the carrying amount and tax base of assets and liabilities measured on the basis of the planned application of the asset and disposal of the liability, respectively.

Deferred tax assets, including the tax value of tax losses eligible for carryforward, are recognised at their expected realisable value, either by settlement against tax of future earnings or by setoff in deferred tax liabilities within the same legal tax unit. Any deferred net tax assets are measured at net realisation value.

Deferred tax is measured on the basis of the tax rules and tax rates of applicable legislation at the reporting date and prevailing when the deferred tax is expected to be released as current tax.

**Provisions**

Provisions comprise expected expenses for warranty provisions, loss on contract work in progress etc.

Provisions for liabilities are recognized when the Company, as a consequence of a previous event, has legal or actual obligations, and when it is probable that fulfilment of the obligation will result in a usage of the Company's financial resources.

Warranty provisions comprise obligations for improvement of jobs within the warranty period. The provisions for liabilities are measured and recognized with basis in the annual turnover.

Once it is probable that total costs will exceed total income from a contract in progress, provision is made for the total loss estimated to result from the relevant contract.

**Liabilities other than provisions**

Capitalised residual leasing liabilities associated with financial leasing contracts are recognised in the financial liabilities.

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

**Accruals and deferred income**

Deferred income comprises income received for recognition in subsequent financial years. Deferred income is measured at cost.