



K2 Management A/S

Hasselager Centervej 27, st., DK-8260 Viby J

CVR no. 30 81 27 43

Annual report 2021/22

Approved at the Company's annual general meeting on 15 December 2022

Chairman:

.....
Lasse Nygaard Christensen



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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of K2 Management A/S for the financial year 1 October 2021 - 30 September 2022.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the parent company's financial position at 30 September 2022 and of the results of the Group's and the parent company's operations and consolidated cash flows for the financial year 1 October 2021 - 30 September 2022.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the parent company's operations and financial matters and the results of the Group's and the parent company's operations and financial position.

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

Viby, 15 December 2022
Executive Board:

.....
Carsten Nielsen

.....
Lasse Nygaard Christensen

Board of Directors:

.....
Mads Bach Christensen
Chairman

.....
Lars Koue Hammershøj

.....
Per Krogh Melgaard

.....
Patrick Michel Architta



Independent auditor's report

To the shareholders of K2 Management A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of K2 Management A/S for the financial year 1 October 2021 - 30 September 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 30 September 2022 and of the results of the Group's and the Parent Company's operations as well as the consolidated cash flows for the financial year 1 October 2021 - 30 September 2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent company financial statements" (hereinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

Management's responsibilities for the financial statements

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

In preparing the financial statements, Management is responsible for assessing the Group's and the 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 as to 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 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 the financial statements.

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

- ▶ Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- ▶ Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.



Independent auditor's report

- ▶ 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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the financial statements does not cover the 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 the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the Management's review.

Aarhus, 15 December 2022
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Peter U. Faursschou
State Authorised
Public Accountant
mne34502

Christian Jøker
State Authorised
Public Accountant
mne31471



Management's review

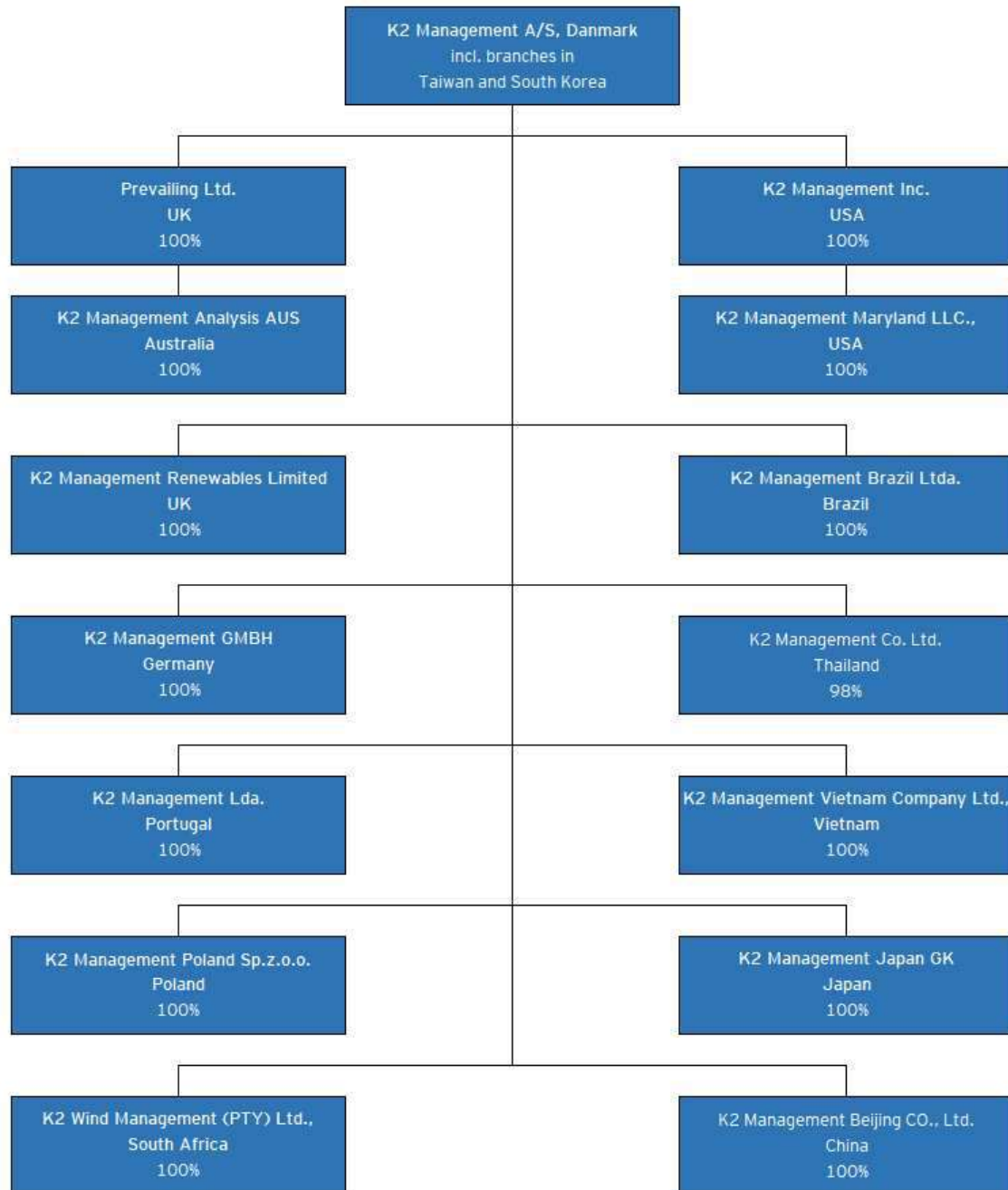
Company details

Name	K2 Management A/S
Address, P.O. Box, city	Hasselager Centervej 27, st., DK-8260 Viby J
CVR no.	30 81 27 43
Established	30 August 2007
Registered office	Aarhus
Financial year	1 October - 30 September
Webpage	www.k2management.com
E-mail	info@k2management.com
Telephone	+45 86 10 10 40
Board of Directors	Mads Bach Christensen, Chairman Lars Koue Hammershøj Per Krogh Melgaard Patrick Michel Architta
Executive Board	Carsten Nielsen, CEO Lasse Nygaard Christensen, General Manager
Auditors	EY Godkendt Revisionspartnerselskab Værkmestergade 25, DK-8000 Aarhus C



Management's review

Group chart





Management's review

Financial highlights for the Group

DKK'000	2021/22	2020/21	2019/20	2018/19	2017/18
Key figures					
Gross profit/loss	118,728	119,648	118,641	204,810	165,700
Ordinary operating profit/loss	6,632	4,334	-23,351	22,562	27,741
Profit/loss from financial income and expenses	-1,743	-1,854	-3,007	-5,076	-678
Non-controlling interest's share of profit/loss for the year	-10	194	250	-19	-126
Profit/loss for the year	3,606	2,133	-21,769	10,286	19,482
Total assets					
Total assets	78,116	76,361	78,401	93,335	93,044
Thereof property, plant and equipment and intangible assets	8,631	10,777	14,234	17,711	20,697
Equity	16,756	11,692	9,581	31,452	31,710
Cash flows					
Cash flows from operating activities	-8,650	-13,741	-22,272	8,578	45,068
Cash flows from investing activities	-438	-1,547	-2,019	-7,280	-14,602
Cash flows from financing activities	7,840	-697	22,674	-3,281	0
Total cash flows	-1,247	-15,985	-1,617	-1,983	30,473
Financial ratios					
Return on invested capital	32%	32%	-138%	178%	315%
Equity ratio	21%	15%	12%	34%	34%
Return on equity	25%	20%	-107%	33%	90%
Average number of full-time employees	175	188	201	238	188

Financial ratios are calculated in accordance with the recommendations of the Danish Finance Society. For terms and definitions, please see the accounting policies.



Management's review

Operating review

Business review

K2 Management is an independent consultancy services enterprise that supports its customers in their efforts to develop and operate sustainable energy project. The Company provides a range of services within engineering, planning, project management, and due diligence, spanning the entire value chain of a renewable energy project. Our core business primarily relates to wind power (onshore and offshore), but we also render services within solar PV and power to X.

The primary customers are renewable project developers in both new and established markets that wish to control and ensure their project execution. Customers also include investors and lenders requiring technical assessment (due diligence) of projects.

K2 Management is represented on all six continents and is registered in 15 countries.

Financial review

Consolidated gross profit totals DKK 118,728 thousand against DKK 119,648 thousand in the previous year.

Profit from ordinary activities after tax totals DKK 3,606 thousand against a profit after tax of DKK 2,133 thousand in the previous year. The Company's balance sheet at 30 September 2022 shows equity of DKK 16,685 thousand.

The Company's profit for this financial year was in line with both the last financial year and expectations for this year.

Business activity did increase for service areas such as Due Diligence and Analysis and Project Operations North America. However, this was offset from lower European and Asian activity due to factors including unexpected political delays in the Asian market. Therefore, overall business activity and levels of earnings are at the same level as the last financial year.

With these circumstance, the Company's results of trading is considered as satisfactory. At the end of the financial year 2021/22, the Company had 175 full-time employees in the above-mentioned companies and in the branches in South Korea and Taiwan. This compares to 188 full-time employees in the previous financial year.

Special risks

Currency risks

As K2 Management has activities and resources in different countries across the world, results of operation, cash flow and equity are affected by the development in the exchange rates of several currencies. This split of activities and resources is regularly assessed vis-a-vis currency risks that are hedged in the form of a natural hedge between inflow and outflow in the given country/region or hedged for a specific in-/outflow for a project/business area. This year, the vast part of both money inflow and outflow has been hedged via a natural hedge.

Intellectual capital

The activities of K2 Management require comprehensive knowledge of the industry and the right qualifications. The Company wishes to attract and retain competent employees, as well as develop and enlarge the knowledge resources on offer.



Management's review

Operating review

Outlook

K2 Management notes strong interest in and demand for impartial, experienced, and competent advisory services from the global energy market, as well as for the transfer of best practice from former projects.

The company sees good opportunities in the market. The demand derives from near markets (Europe) as well as markets in Asia and North America. The short-term demand for K2 Management's services can fluctuate in different markets due to changes in market situations, and legal and financial/economical structures. Such changes can affect our activities and financial result and position.

The market for renewable energy is growing and K2 Management is well positioned to take advantage of this. The Board of Directors and the Management expects an increase in revenue and level of earnings in 2022/23 and are estimating a positive net profit for 2022/23 between DKK 8.000 - 13.000 thousand.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Income statement

Note	DKK	Consolidated		Parent Company		
		2021/22	2020/21	2021/22	2020/21	
		Gross profit	118,728,311	119,648,224	50,400,142	48,297,313
2		Staff costs	-109,630,509	-111,107,894	-46,696,959	-50,343,715
		Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-2,459,725	-3,136,624	-405,872	-1,126,264
		Other operating costs	-6,421	-969,993	-3,518	-969,993
		Operating profit/loss	6,631,656	4,433,713	3,293,793	-4,142,659
		Profit from investments in subsidiaries	0	0	2,928,294	7,391,117
		Other financial income	685,774	455,969	275,054	19,095
3		Financial expenses	-2,429,128	-2,309,483	-2,387,526	-2,280,809
		Profit before tax	4,888,302	2,580,199	4,109,615	986,744
4		Tax on profit/loss for the year	-1,282,590	-447,026	-514,068	952,827
		Profit for the year	3,605,712	2,133,173	3,595,547	1,939,571
		Non-controlling interests' share of profit/loss for the year in subsidiaries	-10,165	-193,602		
		Parent Company's share of profit/loss for the year	3,595,547	1,939,571		



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Balance sheet

Note	DKK	Consolidated		Parent Company	
		2021/22	2020/21	2021/22	2020/21
		ASSETS			
		Non-current assets			
5	Intangible assets				
	Goodwill	7,205,116	8,757,146	0	0
	Software	422,353	647,626	94,842	199,571
	Trademarks	155,708	0	155,708	0
		<u>7,783,177</u>	<u>9,404,772</u>	<u>250,550</u>	<u>199,571</u>
6	Property, plant and equipment				
	Fixtures and fittings, tools and equipment	802,262	1,273,774	159,661	393,448
	Leasehold improvements	45,551	98,752	45,551	98,752
		<u>847,813</u>	<u>1,372,526</u>	<u>205,212</u>	<u>492,200</u>
	Financial assets				
7	Investments in subsidiaries	0	0	61,156,823	56,137,314
8	Deferred tax	7,530,168	7,598,265	7,329,700	7,596,200
	Deposits	1,207,430	1,048,826	613,265	353,503
		<u>8,737,598</u>	<u>8,647,091</u>	<u>69,099,788</u>	<u>64,087,017</u>
	Total non-current assets	<u>17,368,588</u>	<u>19,424,389</u>	<u>69,555,550</u>	<u>64,778,788</u>
	Current assets				
	Receivables				
9	Ongoing services	10,214,201	14,030,501	4,662,683	5,032,847
	Receivables, services provided	34,093,901	27,286,340	8,366,489	6,159,779
	Amounts owed by group entities	0	0	12,644,487	8,348,716
	Income taxes	2,993,261	2,323,469	2,553,997	2,239,157
	Other receivables	2,416,776	2,357,080	219,762	657,397
	Prepayments	2,388,038	1,049,857	2,352,828	1,015,374
		<u>52,106,177</u>	<u>47,047,247</u>	<u>30,800,246</u>	<u>23,453,270</u>
	Cash	<u>8,641,643</u>	<u>9,888,994</u>	<u>2,298,623</u>	<u>2,175,063</u>
	Total current assets	<u>60,747,820</u>	<u>56,936,241</u>	<u>33,098,869</u>	<u>25,628,333</u>
	TOTAL ASSETS	<u><u>78,116,408</u></u>	<u><u>76,360,630</u></u>	<u><u>102,654,419</u></u>	<u><u>90,407,121</u></u>



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Balance sheet

Note	DKK	Consolidated		Parent Company	
		2021/22	2020/21	2021/22	2020/21
		EQUITY AND LIABILITIES			
		Equity			
10	Share capital	504,000	504,000	504,000	504,000
	Net revaluation reserves	0	0	24,752,641	19,736,576
	Retained earnings	16,180,557	11,130,058	-8,572,084	-8,606,518
	Shareholders' share of equity, K2 Management A/S	16,684,557	11,634,058	16,684,557	11,634,058
	Non-controlling interests	71,904	57,844	0	0
	Total equity	16,756,461	11,691,902	16,684,557	11,634,058
	Liabilities other than provisions				
11	Non-current liabilities other than provisions				
	Credit institutions	5,000,000	7,000,000	5,000,000	7,000,000
	Payables to shareholders	5,318,082	5,068,082	5,318,082	5,068,082
	Other Payables	4,310,842	2,718,137	4,310,842	2,718,137
	Total provisions	14,628,924	14,786,219	14,628,924	14,786,219
	Liabilities other than provisions Current liabilities other than provisions				
	Credit institutions	22,749,873	14,909,382	22,749,873	14,909,382
9	Prepayments from customers	6,215,494	4,432,787	2,157,065	2,617,200
	Trade payables	2,495,738	4,262,683	2,096,868	2,887,238
	Payables to group entities	0	0	34,891,346	25,848,654
	Income taxes	1,306,114	713,607	555,141	0
	Other payables	13,963,804	25,564,050	8,890,645	17,724,370
		46,731,023	49,882,509	71,340,938	63,986,844
	Total liabilities other than provisions	61,359,947	64,668,728	85,969,862	78,773,063
	TOTAL EQUITY AND LIABILITIES	78,116,408	76,360,630	102,654,419	90,407,121

- 1 Accounting policies
- 12 Contingencies, etc.
- 13 Mortgages and collateral
- 14 Related party transactions



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Statement of changes in equity

		Consolidated				
Note	DKK	Share capital	Retained earnings	Total	Non-controlling interests	Total equity
		504,000	8,661,265	9,165,265	416,082	9,581,347
		0	529,222	529,222	13,863	543,085
		0	1,939,571	1,939,571	193,602	2,133,173
		0	0	0	-565,703	-565,703
		504,000	11,130,058	11,634,058	57,844	11,691,902
		0	1,454,952	1,454,952	3,895	1,458,847
		0	3,595,547	3,595,547	10,165	3,605,712
		504,000	16,180,557	16,684,557	71,905	16,756,461

		Parent Company			
	DKK	Share capital	Net revaluation reserve	Retained earnings	Total
		504,000	12,323,492	-3,662,227	9,165,265
		0	522,745	6,477	529,222
15	Transfer, see appropriation of profit/loss	0	6,890,339	-4,950,768	1,939,571
		504,000	19,736,576	-8,606,518	11,634,058
		0	1,454,952	0	1,454,952
15	Transfer, see appropriation of profit/loss	0	3,560,391	35,156	3,595,547
		504,000	24,751,919	-8,571,362	16,684,557



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Cash flow statement

DKK	Consolidated	
	2021/22	2020/21
Operating profit/loss	6,631,656	4,433,713
Depreciation/amortisation	2,465,618	3,136,624
Loss on disposal of assets	528	969,993
Other adjustments of non-cash operating items	1,455,674	519,034
Cash generated from operations (operating activities) before changes in working capital	10,553,476	9,059,364
Change in working capital	-15,973,625	-12,536,835
Cash generated from operations (operating activities)	-5,420,149	-3,477,471
Interest received	685,775	455,969
Interest paid	-2,429,128	-2,309,483
Cash generated from operations (ordinary activities)	-7,163,502	-5,330,985
Income taxes paid	-1,291,778	-8,409,829
Cash flows from operating activities	-8,455,280	-13,740,814
Acquisition of intangible assets	-169,863	-511,730
Acquisition of property, plant and equipment	-109,845	-577,758
Disposal of financial assets	0	461,467
Acquisition of activities	-158,604	-919,157
Cash flows from investing activities	-475,267	-1,547,178
Decrease/increase in debt to credit institutions	7,840,491	-15,483,040
Decrease/increase in other debt	-157,295	14,786,219
Cash flows from financing activities	7,683,196	-696,821
Cash flows for the year	-1,247,351	-15,984,813
Cash and cash equivalents, beginning of year	9,888,994	25,873,806
Cash and cash equivalents, year-end	8,641,643	9,888,993

The cash flow statement cannot be directly derived from the other components of the consolidated financial statements and the parent company financial statements.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies

The annual report of K2 Management A/S for 2021/22 has been prepared in accordance with the provisions applying to reporting class C medium-sized enterprises under the Danish Financial Statements Act.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Consolidated financial statements

The consolidated financial statements comprise the parent company, K2 Management A/S, and subsidiaries in which K2 Management A/S directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls, see the group chart.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Recently acquired or formed entities are recognised in the consolidated financial statements from the date of acquisition or formation. Entities sold or otherwise disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated in respect of recently acquired or sold entities.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal, including unamortised goodwill, and anticipated disposal costs.

Corporate acquisitions are accounted for using the purchase method, according to which the acquired entity's identifiable assets and liabilities acquired are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. The tax effect of the restatement of assets and liabilities is taken into account.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised.

Goodwill and negative goodwill from acquired enterprises can be adjusted until the end of the year following the year of acquisition.

Non-controlling interests

The subsidiaries' entries are included 100% in the consolidated financial statements. The minority interests' proportionate shares of the subsidiaries' results and equity are adjusted annually and recognised separately in the income statement and balance sheet.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies (continued)

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rate at the transaction date and the rate at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at closing rates. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at the average exchange rates, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign entities to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Income statement

Gross profit/loss

Gross profit/loss comprises revenue, direct cost, other operating income and other external costs.

Revenue

Revenue is measured at fair value of the agreed consideration exclusive of VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Ongoing services related to consulting services provided are recognised in revenue by reference to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method). When the outcome of ongoing services cannot be estimated reliably, revenue is recognised solely at an amount corresponding to the costs incurred if it is probable that they will be recovered.

The stage of completion is determined by reference to the proportion of costs incurred to the latest cost estimate.

Cost of sales

Cost of sales comprise costs directly or indirectly incurred in generating revenue for the year, including direct project expenses and consumables.

Other operating income

Other operating income comprises items secondary to the Company's activities, including gains on disposal of intangible assets and property, plant and equipment.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to sale, advertising, administration, premises, bad debts, payments under operating leases, etc.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies (continued)

Staff costs

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs, etc., for the Company's employees. Refunds received from public authorities are deducted from staff costs.

Profit/loss from investments in subsidiaries

The proportionate share of the results after tax of the individual subsidiaries is recognised in the income statement of the parent company after full elimination of intra-group profits/losses.

Financial income and expenses

Financial income and expenses comprise interest income and expenses, gains and losses on securities, payables and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc.

Tax for the year

The tax expense for the year, which comprises the year's current tax charge, joint taxation contributions and changes in the deferred tax charge - including changes arising from changes in tax rates - is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over the expected economic life of the asset, measured by reference to Management's experience in the individual business segments. Goodwill is amortised on a straight-line basis over a maximum amortisation period of 10 years, longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Trademarks

Trademarks are measured at cost less accumulated amortisation and impairment losses. Trademarks are amortised on a straight-line basis over the estimated useful life of 3 years.

Software

Software is measured at cost less accumulated amortisation and impairment losses. Software is amortised on a straight-line basis over the expected useful lives of 3-5 years.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies (continued)

Property, plant and equipment

Fixtures and fittings, other plant and equipment as well as leasehold improvements are measured at cost less accumulated depreciation and impairment.

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

Depreciation is provided on a straight-line basis over the expected useful lives of the assets. The expected useful lives are as follows:

Fixtures and fittings, other plant and equipment	3-5 years
Leasehold improvements	3-5 years

Depreciation charges are recognised in the income statement.

Gains and losses on the disposal of property, plant and equipment are made up as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under Other operating income or Other external expenses, respectively.

Leases

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

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

All other leases are considered operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total liabilities relating to operating leases and other leases are disclosed in contingencies, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses and plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If the parent company has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation according to the equity method in equity to the extent that the carrying amount exceeds cost. Dividends from subsidiaries, which are expected to be declared before the annual report of K2 Management A/S is adopted, are not taken to the net revaluation reserve.

The purchase method of accounting is applied to corporate acquisitions; see the above description under "Consolidated financial statements".



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies (continued)

Impairment of non-current assets

The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is evidence of impairment. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the net present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Ongoing services

Ongoing services are measured at the selling price of the work performed. The selling price is measured by reference to the stage of completion at the balance sheet date and the total expected income from the relevant service.

When the selling price of an ongoing service cannot be measured reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual ongoing service is recognised in the balance sheet under either receivables or payables. Net assets comprise the sum of services where the selling price of the work performed exceeds progress billings. Net liabilities are determined as the sum of ongoing services where progress billings exceed the selling price.

Selling costs and expenses incurred in securing contracts are recognised in the income statement as incurred.

Prepayments

Prepayments recognised under "Current assets" comprise expenses incurred concerning subsequent financial years.

Equity

Net revaluation reserves

Net revaluation of investments in subsidiaries is recognised at cost in the reserve for net revaluation according to the equity method.

The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates.

The reserve cannot be recognised at a negative amount.

Dividend

Dividend proposed for the year is recognised as a liability at the date when it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the financial year is presented as a separate line item under "Equity".



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies (continued)

Income tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on prior-year taxable income and tax paid on account.

Joint taxation contribution payable and receivable is recognised in the balance sheet as "Income tax receivable" or "Income tax payable".

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill, which is not deductible for tax purposes, and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax value of tax loss carry-forwards, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Other liabilities are measured at net realisable value.

Deferred income

Deferred income, recognised under "Liabilities", comprises payments received concerning income in subsequent years.

Cash flow statement

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

The cash flow effect of acquisitions and disposals of entities is shown separately in cash flows from investing activities. Cash flows from corporate acquisitions are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of entities are recognised up until the date of disposal.

Cash flows from operating activities

Cash flows from operating activities are calculated as the Group's share of the profit/loss adjusted for non-cash operating items, changes in working capital and income taxes paid.

Cash flows from investing activities

Cash flows from investing activities comprise payments in connection with establishment, acquisitions and disposals of enterprises and activities and of intangible assets, property, plant and equipment and investments.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

1 Accounting policies (continued)

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term marketable securities with a term of three months or less which are subject to only minor risks of changes in value.

Key figures

Financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines.

The financial ratios stated in the survey of financial highlights have been calculated as follows:

Return on equity	$\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$
Invested capital	Operating intangible assets and property, plant and equipment plus net working capital
Equity ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total equity and liabilities at year end}}$
Profit/loss for analytical purposes	Profit/loss from ordinary activities after tax less non-controlling interests' share thereof
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

DKK	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
2 Staff costs				
Wages and salaries	95,879,633	100,021,416	42,119,504	45,365,576
Pensions	9,618,517	8,147,261	3,078,133	3,536,668
Other social security costs	1,638,310	1,282,271	241,707	283,387
Other staff costs	2,494,049	1,656,946	1,257,615	1,158,084
	<u>109,630,509</u>	<u>111,107,894</u>	<u>46,696,959</u>	<u>50,343,715</u>
Average number of full-time employees	<u>175</u>	<u>188</u>	<u>63</u>	<u>65</u>

Remuneration of the Company's Board of Directors and the Executive Board totalled DKK 200 thousand and DKK 3.089 thousand, respectively in the financial year 2021/22 (2020/21: DKK 3,124 thousand in total).

DKK	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
3 Financial expenses				
Interest expense to group entities	0	0	478,834	432,011
Other financial expenses	2,429,128	2,309,483	1,908,692	1,848,798
	<u>2,429,128</u>	<u>2,309,483</u>	<u>2,387,526</u>	<u>2,280,809</u>
4 Tax on profit for the year				
Current tax for the year	1,214,493	2,024,891	247,568	622,973
Adjustment for the year of deferred tax	68,097	-1,577,865	266,500	-1,575,800
Adjustment of tax relating to previous years	0	0	0	0
	<u>1,282,590</u>	<u>447,026</u>	<u>514,068</u>	<u>-952,827</u>



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

5 Intangible assets

DKK	Consolidated			
	Goodwill	Software	Trademarks	Total
Cost at 1 October 2021	19,176,791	2,759,155	0	21,935,946
Foreign exchange adjustment	0	-74,284	0	-74,284
Additions	11,186	0	169,863	181,049
Disposals	0	0	0	0
Transferred	0	0	0	0
Cost at 30 September 2022	19,187,977	2,684,871	169,863	22,042,711
Amortisation and impairment losses at 1 October 2021	10,419,645	2,111,529	0	12,531,174
Foreign exchange adjustment	0	-62,913	0	-62,913
Amortisation	1,563,216	213,902	14,155	1,791,273
Amortisation and impairment losses at 30 September 2022	11,982,861	2,262,518	14,155	14,259,534
Carrying amount at 30 September 2022	7,205,116	422,353	155,708	7,783,177
Amortised over	10 years	3-5 years	3 years	

DKK	Parent Company		
	Software	Trademarks	Total
Cost at 1 October 2021	2,311,100	0	2,311,100
Additions	0	169,863	169,863
Disposals	0	0	0
Cost at 30 September 2022	2,311,100	169,863	2,480,963
Amortisation and impairment losses at 1 October 2021	2,111,529	0	2,111,529
Amortisation	104,729	14,155	118,884
Reversal of accumulated amortisation of assets disposed	0	0	0
Amortisation and impairment losses at 30 September 2022	2,216,258	14,155	2,230,413
Carrying amount at 30 September 2022	94,842	155,708	250,550
Amortised over	3-5 years	3 years	



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

6 Property, plant and equipment

DKK	Consolidated		
	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 October 2021	5,530,317	673,832	6,204,149
Opening exchange adjustment	106,101	0	106,101
Additions	109,845	0	109,845
Disposals	-362,896	-24,653	-387,549
Cost at 30 September 2022	5,383,367	649,179	6,032,546
Depreciation and impairment losses at 1 October 2021	4,256,542	575,080	4,831,622
Opening exchange adjustment	72,212	0	72,212
Depreciation	615,251	53,201	668,452
Disposals	-362,900	-24,653	-387,553
Depreciation and impairment losses at 30 September 2022	4,581,105	603,628	5,184,733
Carrying amount at 30 September 2022	802,262	45,551	847,813
Depreciated over	3-5 years	3-5 years	

DKK	Parent Company		
	Fixtures and fittings, tools and equipment	Leasehold improvements	Total
Cost at 1 October 2021	2,719,475	673,832	3,393,307
Additions	-362,896	-24,653	-387,549
Disposals	0	0	0
Cost at 30 September 2022	2,356,579	649,179	3,005,758
Depreciation and impairment losses at 1 October 2021	2,326,027	575,080	2,901,107
Depreciation	233,787	53,201	286,988
Disposals	-362,896	-24,653	-387,549
Depreciation and impairment losses at 30 September 2022	2,196,918	603,628	2,800,546
Carrying amount at 30 September 2022	159,661	45,551	205,212
Depreciated over	3-5 years	3-5 years	



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

DKK	Parent Company	
	2021/22	2020/21
7 Investments in subsidiaries		
Cost at 1 October	36,400,738	36,400,738
Additions	0	0
Cost at 30 September	36,400,738	36,400,738
Value adjustments at 1 October	19,736,576	12,323,492
Foreign exchange adjustment	1,459,117	522,748
Profit for the year	4,491,510	8,954,513
Amortisation of consolidated goodwill	-1,563,214	-1,563,217
Offset against amounts owed by group entities	632,096	-500,960
Value adjustments at 30 September	24,756,085	19,736,576
Carrying amount at 30 September	61,156,823	56,137,314
Thereof non-amortised goodwill	7,167,101	8,730,317
		Voting rights and ownership
Name and registered office		
K2 Management Renewables Limited, UK		100%
Prevailing Ltd., UK		100%
K2 Management GmbH, Germany		100%
K2 Management Lda., Portugal		100%
K2 Management Poland Sp.z.o.o., Poland		100%
K2 Management Inc., USA		100%
K2 Management Brazil Ltda., Brazil		100%
K2 Wind Management (PTY) Ltd., South Africa		100%
K2 Management Vietnam Company Ltd., Vietnam		100%
K2 Management Japan GK, Japan		100%
K2 Management Beijing CO., Ltd., China		100%
K2 Management Co. Ltd., Thailand		98%

All subsidiaries are considered separate entities.

DKK	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
8 Deferred tax				
Deferred tax at 1 October	7,598,265	6,020,400	7,596,200	6,020,400
Adjustment for the year of deferred tax	-68,097	1,577,865	-266,500	1,575,800
	7,530,168	7,598,265	7,329,700	7,596,200

Deferred tax relates to intangible assets, property, plant and equipment and tax loss carry-forwards.



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

DKK	Consolidated		Parent Company	
	2021/22	2020/21	2021/22	2020/21
9 Ongoing services				
Selling price of work performed	183,453,599	141,575,953	33,306,674	21,877,555
Progress billings	-179,454,892	-131,978,239	-30,801,056	-19,461,908
	<u>3,998,707</u>	<u>9,597,714</u>	<u>2,505,618</u>	<u>2,415,647</u>
recognised as follows:				
Ongoing services (assets)	10,214,201	14,030,501	4,662,683	5,032,847
Prepayments from customers (liabilities)	-6,215,494	-4,432,787	-2,157,065	-2,617,200
	<u>3,998,707</u>	<u>9,597,714</u>	<u>2,505,618</u>	<u>2,415,647</u>

10 Share capital

The share capital comprises 504 shares of DKK 1,000 nominal value each. All shares rank equally.

Analysis of changes in the share capital over the past 5 years:

DKK	2021/22	2020/21	2019/20	2018/19	2017/18
Share capital 1 October	504,000	504,000	502,000	502,000	502,000
Capital increase	0	0	2,000	0	0
Share capital 30 September	<u>504,000</u>	<u>504,000</u>	<u>504,000</u>	<u>502,000</u>	<u>502,000</u>

11 Non-current liabilities other than provisions

Of the long-term liabilities, DKK 3.868 thousand falls due for payment more than 5 years after the balance sheet date.

12 Contingencies, etc.

Contingent liabilities

The Company is party in a few disputes with clients and a service supplier. Any negative outcomes of the disputes will, in the opinion of Management, not materially affect the financial position of the Company.

In the name of the Group, the Group's bank has provided a guarantee at 30 September 2022 to Non Cph ApS totalling DKK 390 thousand (2020/21: DKK 385 thousand).

The Group's total lease liabilities regarding 17 leases with a term of notice of 1 to 36 months total DKK 5,257 thousand (2020/21: DKK 5,946 thousand).

The Parent Company's total lease liabilities regarding 5 leases with a term of notice of 1 to 6 months total DKK 564 thousand (2020/21: DKK 775 thousand).

Operating lease liabilities

The Group's lease liabilities regarding operating leases with a remaining term of up to 36 months total DKK 1,306 thousand (2020/21: DKK 678 thousand).

The Parent Company's lease liabilities regarding operating leases with a remaining term of up to 26 months total DKK 1,138 thousand (2020/21: DKK 487 thousand).



Consolidated financial statements and parent company financial statements 1 October 2021 - 30 September 2022

Notes

13 Mortgages and collateral

The parent company has issued a company charge of DKK 7,500 thousand, secured on ordinary debtors, intellectual property rights and tools and equipment, which has been provided as collateral for its debt to credit institution. The carrying amount of the assets provided as collateral totals DKK 8,996 thousand at 30 September 2022.

The Parent Company has transferred receivables from subsidiaries as collateral for its debt to credit institution.

The parent company has issued an absolute guarantee to a subsidiary's bankers as security for all balances. At 30 September 2022, the subsidiary's debt to the credit institution amounts to DKK 0.

The subsidiary K2 Management GmbH has issued a company charge of DKK 7,000 thousand, secured on ordinary debtors, which has been provided as collateral for the parent company's debt to credit institution. The carrying amount of the assets provided as collateral totals DKK 1,787 thousand at 30 September 2022.

14 Related party transactions

The entity solely discloses related party transactions that are not carried out on an arm's length basis, cf. section 98C(7) of the Danish Financial Statements Act. All related party transactions have been carried out on an arm's length basis.

DKK	Parent Company	
	2021/22	2020/21
15 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Net revaluation reserves	3,560,391	6,890,339
Retained earnings	35,156	-4,950,768
	<u>3,595,547</u>	<u>1,939,571</u>

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Carsten Nielsen

Executive Board

On behalf of: K2 Management A/S

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Lasse Nygaard Christensen

Executive Board

On behalf of: K2 Management A/S

Serial number: PID:9208-2002-2-237353019575

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Lasse Nygaard Christensen

Chairman

On behalf of: K2 Management A/S

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Lars Koue Hammershøj

Board of Directors

On behalf of: K2 Management A/S

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Per Krogh Melgaard (SSN validated)

Board of Directors

On behalf of: K2 Management A/S

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Patrick Michel Architta

Board of Directors

On behalf of: K2 Management A/S

Serial number: par@k2management.com

IP: 124.120.xxx.xxx

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Mads Bach Christensen

Chairman

On behalf of: K2 Management A/S

Serial number: PID:9208-2002-2-860725237839

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2022-12-16 14:29:03 UTC



Peter Ulrik Faurshou

State Authorised Public Accountant

On behalf of: EY Godkendt Revisionspartnerselskab

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