



Danhydra A/S

Lollandsvej 2 D
7400 Herning
CVR No. 33595344

Annual report 2023

The Annual General Meeting adopted the annual report on 04.04.2024

Rasmus Færch

Chairman of the General Meeting

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Entity details

Entity

Danhydra A/S
Lollandsvej 2 D
7400 Herning

Business Registration No.: 33595344
Registered office: Herning
Financial year: 01.01.2023 - 31.12.2023

Board of Directors

Rasmus Færch
Annemette Færch
Ernst Viggo Frendesen
Peter Rask Gregersen
Per Thy Sørensen
Hans Christian Krogh

Executive Board

Peter Rask Gregersen, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Papirfabrikken 26
8600 Silkeborg

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of Danhydra A/S for the financial year 01.01.2023 - 31.12.2023.

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

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Herning, 04.04.2024

Executive Board

Peter Rask Gregersen
CEO

Board of Directors

Rasmus Færch

Annemette Færch

Ernst Viggo Frendesen

Peter Rask Gregersen

Per Thy Sørensen

Hans Christian Krogh

Independent auditor's report

To the shareholders of Danhydra A/S

Opinion

We have audited the consolidated financial statements and the parent financial statements of Danhydra A/S for the financial year 01.01.2023 - 31.12.2023, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2023 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2023 - 31.12.2023 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 financial statements" section of this auditor's report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in

Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and parent financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and the parent 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 Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent 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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent 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 commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required by relevant law and regulations.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent financial statements and has been prepared in accordance with the requirements in the relevant law and regulations. We did not identify any material misstatement of the management commentary.

Silkeborg, 04.04.2024

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Peter Mølkjær

State Authorised Public Accountant
Identification No (MNE) mne24821

Rasmus Volert Madsen

State Authorised Public Accountant
Identification No (MNE) mne45822

Management commentary

Financial highlights

	2023	2022	2021	2020	2019
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Gross profit/loss	78,070	92,967	43,956	33,772	18,239
Operating profit/loss	(9,121)	5,406	11,730	10,450	3,867
Net financials	(8,841)	(4,831)	(3,100)	(1,322)	33
Profit/loss for the year	(15,133)	826	6,610	7,040	2,108
Balance sheet total	175,752	170,346	174,518	100,606	84,547
Equity	33,994	52,628	58,439	50,426	43,171
Cash flows from operating activities	(22,616)	8,941	(20,717)	9,819	11,453
Cash flows from investing activities	(3,089)	(3,105)	(10,089)	(12,818)	(8,932)
Cash flows from financing activities	23,031	(111)	30,911	3,362	(357)
Average number of employees	102	115	100	71	51
Ratios					
Rate of return	(5.19)	3.17	6.70	10.40	4.59
Return on equity (%)	(34.94)	1.49	12.14	15.04	5.00
Equity ratio (%)	19.34	30.89	33.49	50.12	51.06

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

Rate of return (%):

$\frac{\text{Profit/loss before financial items} * 100}{\text{Total assets}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Balance sheet total}}$

Primary activities

The Group's and the Company's activities are the development, manufacture and servicing of tools and equipment primarily used for the installation and servicing of wind turbines internationally.

Development in activities and finances

Whilst the long term outlook for the wind industry is very positive, the Company has in line with many other suppliers to the wind industry been affected negatively by the challenges currently facing its customers in terms of project postponements, low installations volumes and lacking profitability.

During 2023 the Company has focused on resizing its setup to match current volumes and market needs. And have continued to expand its global platform to now having activities in Denmark, Germany, Spain, India, Australia and USA.

The consolidated income statement for 2023 shows a loss after tax of DKK 15.133.142, and the consolidated balance sheet on 31 December 2023 shows an equity of DKK 33.993.545.

Profit/loss for the year in relation to expected developments

The result for 2023 has not met expectations. This is mainly driven by a general slowdown in the market due to low installation volumes and customers being significantly challenged on project execution and profitability. And also the costs associated with resizing the Company's setup to match current volumes and market needs.

Outlook

With the delivery platform and organization resized to fit current activity levels, 2024 is expected to deliver a positive result. For the years to come, the Company is well positioned to capture further volume and show stronger profitability based on its business model, an expanding international delivery platform, strong relationships with the global wind OEMs and significant investments in wind energy around the world.

The currently challenging geopolitical situation with wars and conflicts pose a risk to material costs and can potentially delay order fulfilment.

Use of financial instruments

Danhydra A/S has as the owner of Danhydra Inc. in USA an exposure in USD. Danhydra A/S hedges the exchange rate risk of assets and receivables in USD by raising debt in dollars that corresponds to the assets/receivables.

Environmental performance

Danhydra seeks to minimize the impact on the environment caused by our business activities by managing our environmental impact according to the ISO 14001:2015 standard.

We aim to continuously reduce emissions and our impact on the environment through the efficient use of resources, using materials with low environmental impact, and by enforcing responsible disposal practices.

Through continuous improvement we seek to further increase the efficiency and measuring of our operations and improve cost effective utilization of energy and natural resources.

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.

Consolidated income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		78,069,573	92,967,420
Staff costs	2	(75,946,443)	(78,019,046)
Depreciation, amortisation and impairment losses		(8,516,019)	(9,525,105)
Other operating expenses		(2,727,979)	(17,697)
Operating profit/loss		(9,120,868)	5,405,572
Other financial income	3	32,154	3,221,446
Other financial expenses	4	(8,872,683)	(8,052,219)
Profit/loss before tax		(17,961,397)	574,799
Tax on profit/loss for the year	5	2,828,255	251,305
Profit/loss for the year	6	(15,133,142)	826,104

Consolidated balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	8	4,581,903	5,050,511
Acquired patents		21,580	45,124
Goodwill		11,958,618	16,142,478
Development projects in progress	8	1,646,205	0
Intangible assets	7	18,208,306	21,238,113
Plant and machinery		4,685,755	6,591,409
Other fixtures and fittings, tools and equipment		1,509,756	2,280,749
Leasehold improvements		515,808	577,469
Property, plant and equipment	9	6,711,319	9,449,627
Deposits		11,546,679	11,552,702
Financial assets	10	11,546,679	11,552,702
Fixed assets		36,466,304	42,240,442

Raw materials and consumables		70,722,063	15,612,104
Manufactured goods and goods for resale		592,626	19,418,088
Prepayments for goods		3,199,810	874,429
Inventories		74,514,499	35,904,621
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Trade receivables		26,307,415	40,426,121
Contract work in progress	11	19,982,143	31,262,460
Receivables from group enterprises		0	260,260
Deferred tax	12	8,599,492	5,501,066
Other receivables		1,343,589	2,678,185
Tax receivable		75,258	61,846
Prepayments	13	2,202,346	3,075,792
Receivables		58,510,243	83,265,730
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Cash		6,261,120	8,935,639
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Current assets		139,285,862	128,105,990
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Assets		175,752,166	170,346,432
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Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		556,000	556,000
Translation reserve		3,760,430	2,765,606
Reserve for development costs		0	2,749,973
Retained earnings		29,677,115	41,556,403
Proposed dividend for the financial year		0	5,000,000
Equity		33,993,545	52,627,982
Deferred tax	12	3,669,042	5,309,606
Other provisions	14	252,000	0
Provisions		3,921,042	5,309,606
Lease liabilities		1,195,201	1,581,337
Other payables		2,331,181	2,427,137
Non-current liabilities other than provisions	15	3,526,382	4,008,474
Current portion of non-current liabilities other than provisions	15	394,328	386,725
Bank loans		83,236,762	55,871,477
Prepayments received from customers		965,139	0
Contract work in progress	11	435,407	9,375,274
Trade payables		27,249,419	26,345,267
Payables to group enterprises		12,501,708	11,450,061
Tax payable		2,530,385	315,470
Other payables		6,998,049	4,656,096
Current liabilities other than provisions		134,311,197	108,400,370
Liabilities other than provisions		137,837,579	112,408,844
Equity and liabilities		175,752,166	170,346,432
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
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Consolidated statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK	Proposed dividend for the financial year DKK
Equity beginning of year	556,000	2,765,606	2,749,973	41,556,403	5,000,000
Ordinary dividend paid	0	0	0	0	(5,000,000)
Exchange rate adjustments	0	1,275,415	0	587,779	0
Other entries on equity	0	0	0	(83,898)	0
Tax of entries on equity	0	(280,591)	0	0	0
Transfer to reserves	0	0	(2,749,973)	2,749,973	0
Profit/loss for the year	0	0	0	(15,133,142)	0
Equity end of year	556,000	3,760,430	0	29,677,115	0

	Total DKK
Equity beginning of year	52,627,982
Ordinary dividend paid	(5,000,000)
Exchange rate adjustments	1,863,194
Other entries on equity	(83,898)
Tax of entries on equity	(280,591)
Transfer to reserves	0
Profit/loss for the year	(15,133,142)
Equity end of year	33,993,545

Consolidated cash flow statement for 2023

	Notes	2023 DKK	2022 DKK
Operating profit/loss		(9,120,868)	5,405,572
Amortisation, depreciation and impairment losses		8,516,019	9,486,916
Other provisions		252,000	0
Working capital changes	16	(13,352,217)	2,441,710
Other adjustments		0	114,712
Cash flow from ordinary operating activities		(13,705,066)	17,448,910
Financial income received		32,154	2,264,146
Financial expenses paid		(8,872,683)	(8,052,219)
Taxes refunded/(paid)		(315,470)	(2,993,523)
Other cash flows from operating activities		245,151	273,981
Cash flows from operating activities		(22,615,914)	8,941,295
Acquisition etc. of intangible assets		(2,418,207)	(1,302,448)
Acquisition etc. of property, plant and equipment		(381,261)	(2,358,513)
Sale of property, plant and equipment		50,527	401,098
Acquisition of fixed asset investments		(340,460)	0
Sale of fixed asset investments		0	155,048
Cash flows from investing activities		(3,089,401)	(3,104,815)
Free cash flows generated from operations and investments before financing		(25,705,315)	5,836,480
Loans raised		27,365,285	1,490,913
Incurrence of debt to group enterprises		1,051,647	6,775,364
Repayment of lease liabilities		(386,136)	(377,470)
Dividend paid		(5,000,000)	(8,000,000)
Cash flows from financing activities		23,030,796	(111,193)

Increase/decrease in cash and cash equivalents	(2,674,519)	5,725,287
Cash and cash equivalents beginning of year	8,935,639	3,153,449
Currency translation adjustments of cash and cash equivalents	0	56,903
Cash and cash equivalents end of year	6,261,120	8,935,639
Cash and cash equivalents at year-end are composed of:		
Cash	6,261,120	8,935,639
Cash and cash equivalents end of year	6,261,120	8,935,639

Notes to consolidated financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	65,360,399	69,192,567
Pension costs	6,630,722	6,285,572
Other social security costs	3,955,322	2,540,907
	75,946,443	78,019,046

Average number of full-time employees	102	115
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	Remuneration of management 2023 DKK	Remuneration of management 2022 DKK
Total amount for management categories	3,068,560	2,881,940
	3,068,560	2,881,940

3 Other financial income

	2023	2022
	DKK	DKK
Other interest income	8,439	0
Exchange rate adjustments	23,715	3,221,446
	32,154	3,221,446

4 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	375,540	212,475
Other interest expenses	5,585,939	2,733,469
Exchange rate adjustments	2,508,404	5,106,275
Other financial expenses	402,800	0
	8,872,683	8,052,219

5 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	2,165,792	14,324
Change in deferred tax	(4,994,047)	(147,836)
Adjustment concerning previous years	0	(117,793)
	(2,828,255)	(251,305)

6 Proposed distribution of profit/loss

	2023	2022
	DKK	DKK
Ordinary dividend for the financial year	0	5,000,000
Extraordinary dividend distributed in the financial year	0	8,000,000
Retained earnings	(15,133,142)	(12,173,896)
	(15,133,142)	826,104

7 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	9,205,992	306,792	43,338,672	0
Additions	772,002	0	0	1,646,205
Cost end of year	9,977,994	306,792	43,338,672	1,646,205
Amortisation and impairment losses beginning of year	(4,155,479)	(261,668)	(27,196,194)	0
Amortisation for the year	(1,240,612)	(23,544)	(4,183,860)	0
Amortisation and impairment losses end of year	(5,396,091)	(285,212)	(31,380,054)	0
Carrying amount end of year	4,581,903	21,580	11,958,618	1,646,205

Consolidated goodwill relates to the activity acquired in 2017. The value of goodwill is subject to uncertainty as this depends on the future earnings and development in the Group, including the realisation and execution of planned activity expansions in the companies and the realisation of the expected earnings increases as a result thereof.

8 Development projects

The capitalised development costs relate to the development of products for customers in the wind power industry, including supporting IT setup.

Sales transactions based on the completed development projects have occurred through out 2023 and will proceed through out 2024.

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	18,004,517	4,237,491	1,430,048
Exchange rate adjustments	(41,671)	(62,282)	379
Transfers	64,956	14,187	510,623
Additions	216,677	164,584	0
Disposals	(16,116)	0	(34,411)
Cost end of year	18,228,363	4,353,980	1,906,639
Depreciation and impairment losses beginning of year	(11,413,108)	(1,956,742)	(852,579)
Exchange rate adjustments	30,627	27,828	(10)
Transfers	(43,372)	(272,595)	(273,799)
Depreciation for the year	(2,146,686)	(642,715)	(278,602)
Reversal regarding disposals	29,931	0	14,159
Depreciation and impairment losses end of year	(13,542,608)	(2,844,224)	(1,390,831)
Carrying amount end of year	4,685,755	1,509,756	515,808
Recognised assets not owned by Entity	1,748,233	0	0

10 Financial assets

	Deposits DKK
Cost beginning of year	11,552,702
Exchange rate adjustments	(346,483)
Additions	340,460
Cost end of year	11,546,679
Carrying amount end of year	11,546,679

11 Contract work in progress

	2023 DKK	2022 DKK
Contract work in progress	59,830,270	65,008,222
Progress billings	(40,283,534)	(43,121,036)
Transferred to liabilities other than provisions	435,407	9,375,274
	19,982,143	31,262,460

12 Deferred tax

	2023	2022
	DKK	DKK
Intangible assets	(1,273,000)	(1,041,000)
Property, plant and equipment	543,000	504,000
Inventories	(770,000)	(206,000)
Receivables	(2,280,000)	(4,589,000)
Tax losses carried forward	8,599,492	5,501,066
Other deductible temporary differences	110,958	22,394
Deferred tax	4,930,450	191,460

	2023	2022
	DKK	DKK
Changes during the year		
Beginning of year	191,460	(35,502)
Recognised in the income statement	4,994,047	264,023
Exchange rate adjustments in equity	(255,057)	(37,061)
End of year	4,930,450	191,460

	2023	2022
	DKK	DKK
Deferred tax has been recognised in the balance sheet as follows		
Deferred tax assets	8,599,492	5,501,066
Deferred tax liabilities	(3,669,042)	(5,309,606)
	4,930,450	191,460

Deferred tax assets

Deferred tax asset consist of tax losses carried forward in the Group's American unit, and is expected to be utilised in the Unit's future earnings over the next 3-5 years.

The measurement of the deferred tax asset, DKK 8,599k, asset is based on business case, including expected future taxable income over the next 3-5 years, budgeted payments regarding intercompany accounts and Management's impairment assesment as per 31 December 2023.

13 Prepayments

Prepayments consist of prepaid expenses relating to rent, insurance premiums, subscriptions etc.

14 Other provisions

Other provisions consist of expected loss on contracts related to work in progress

15 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Lease liabilities	394,328	386,725	1,195,201	0
Other payables	0	0	2,331,181	2,331,181
	394,328	386,725	3,526,382	2,331,181

16 Changes in working capital

	2023 DKK	2022 DKK
Increase/decrease in inventories	(38,609,878)	9,897,903
Increase/decrease in receivables	27,867,325	2,969,856
Increase/decrease in trade payables etc.	(4,824,579)	(11,935,128)
Other changes	2,214,915	1,509,079
	(13,352,217)	2,441,710

17 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	71,149,032	79,939,021

18 Contingent liabilities

The Danish Entities participates in a Danish joint taxation arrangement in which Ejendomsselskabet Nyholmsvej, Holstebro ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

Bank debt has been secured on a registered floating charge of DKK 40,000k secured on goodwill and patents, fixed assets, inventories and trade receivables. The carrying amount of assets charged is DKK 79,020k (DKK 58,668k at 31.12.2022).

20 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest and smallest group:

Ejendomsselskabet Nyholmsvej, Holstebro ApS; Struer, Denmark

The consolidated financial statements of Ejendomsselskabet Nyholmsvej, Holstebro ApS can be obtained at the following address:

Ved Fjorden 6 B, 2. th.
7600 Struer

21 Subsidiaries

	Registered in	Corporate form	Ownership %	Equity DKK	Profit/loss DKK
Danhydra GmbH	Grimma, Germany	GmbH	100.00	2,335,016	(1,665,326)
Danhydra Inc.	Denver, USA	Inc	100.00	(20,531,367)	(10,395,421)
Danhydra Tool Solutions S.L.	Pamploma, Spain	S.L.	100.00	658,633	266,165
Danhydra PTY Ltd.	Australia	Ltd.	100.00	(196,715)	(425,445)

Parent income statement for 2023

	Notes	2023 DKK	2022 DKK
Gross profit/loss		68,424,342	72,319,756
Staff costs	2	(49,666,372)	(47,083,126)
Depreciation, amortisation and impairment losses		(5,322,488)	(6,367,521)
Other operating expenses		(8,346,746)	0
Operating profit/loss		5,088,736	18,869,109
Income from investments in group enterprises		(13,469,189)	(11,697,959)
Other financial income	3	2,531,775	4,703,885
Other financial expenses	4	(8,678,683)	(7,940,165)
Profit/loss before tax		(14,527,361)	3,934,870
Tax on profit/loss for the year	5	(605,781)	(3,108,766)
Profit/loss for the year	6	(15,133,142)	826,104

Parent balance sheet at 31.12.2023

Assets

	Notes	2023 DKK	2022 DKK
Completed development projects	8	4,581,903	5,050,513
Acquired patents		21,580	45,124
Goodwill		4,181,575	5,909,527
Development projects in progress	8	1,646,205	0
Intangible assets	7	10,431,263	11,005,164
Plant and machinery		3,680,083	5,382,378
Other fixtures and fittings, tools and equipment		391,244	501,156
Leasehold improvements		180,463	410,515
Property, plant and equipment	9	4,251,790	6,294,049
Investments in group enterprises		10,352,670	14,322,743
Deposits		1,007,091	934,041
Financial assets	10	11,359,761	15,256,784
Fixed assets		26,042,814	32,555,997
Raw materials and consumables		52,054,487	15,770,397
Prepayments for goods		3,199,810	874,429
Inventories		55,254,297	16,644,826
Trade receivables		17,239,946	32,092,691
Contract work in progress	11	13,072,305	27,597,272
Receivables from group enterprises		77,570,025	59,434,557
Other receivables		860,643	2,299,592
Prepayments	12	1,878,721	2,080,804
Receivables		110,621,640	123,504,916
Cash		1,735,642	4,241,372
Current assets		167,611,579	144,391,114
Assets		193,654,393	176,947,111

Equity and liabilities

	Notes	2023 DKK	2022 DKK
Contributed capital		556,000	556,000
Translation reserve		3,707,337	2,712,513
Reserve for development costs		4,074,406	2,749,973
Retained earnings		25,655,802	41,609,496
Proposed dividend for the financial year		0	5,000,000
Equity		33,993,545	52,627,982
Deferred tax	13	3,664,000	5,308,000
Other provisions	14	252,000	0
Provisions for investments in group enterprises	15	19,480,768	10,709,179
Provisions		23,396,768	16,017,179
Lease liabilities		1,195,201	1,581,337
Other payables		2,331,181	2,427,136
Non-current liabilities other than provisions	16	3,526,382	4,008,473
Current portion of non-current liabilities other than provisions	16	394,328	386,725
Bank loans		83,228,970	55,868,426
Contract work in progress	11	435,407	9,375,274
Trade payables		26,711,760	23,544,476
Payables to group enterprises		13,584,228	11,450,061
Tax payable		2,530,385	315,470
Other payables		5,852,620	3,353,045
Current liabilities other than provisions		132,737,698	104,293,477
Liabilities other than provisions		136,264,080	108,301,950
Equity and liabilities		193,654,393	176,947,111
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Assets charged and collateral	19		
Related parties with controlling interest	20		

Parent statement of changes in equity for 2023

	Contributed capital DKK	Translation reserve DKK	Reserve for development costs DKK	Retained earnings DKK	Proposed dividend for the year DKK
Equity beginning of year	556,000	2,712,513	2,749,973	41,609,496	5,000,000
Ordinary dividend paid	0	0	0	0	(5,000,000)
Exchange rate adjustments	0	1,275,415	0	587,779	0
Other entries on equity	0	0	0	(83,898)	0
Tax of entries on equity	0	(280,591)	0	0	0
Transfer to reserves	0	0	1,808,060	(1,808,060)	0
Dissolution of reserves	0	0	(483,627)	483,627	0
Profit/loss for the year	0	0	0	(15,133,142)	0
Equity end of year	556,000	3,707,337	4,074,406	25,655,802	0

	Total DKK
Equity beginning of year	52,627,982
Ordinary dividend paid	(5,000,000)
Exchange rate adjustments	1,863,194
Other entries on equity	(83,898)
Tax of entries on equity	(280,591)
Transfer to reserves	0
Dissolution of reserves	0
Profit/loss for the year	(15,133,142)
Equity end of year	33,993,545

Notes to parent financial statements

1 Events after the balance sheet date

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

2 Staff costs

	2023	2022
	DKK	DKK
Wages and salaries	42,489,889	40,671,938
Pension costs	6,489,218	5,626,014
Other social security costs	687,265	776,824
Other staff costs	0	8,350
	49,666,372	47,083,126
Average number of full-time employees	69	67

	Remuneration of Manage- ment 2023 DKK	Remuneration of Manage- ment 2022 DKK
Total amount for management categories	2,992,770	2,881,940
	2,992,770	2,881,940

3 Other financial income

	2023	2022
	DKK	DKK
Financial income from group enterprises	2,524,689	1,509,987
Other interest income	7,086	0
Exchange rate adjustments	0	3,193,898
	2,531,775	4,703,885

4 Other financial expenses

	2023	2022
	DKK	DKK
Financial expenses from group enterprises	375,540	212,475
Other interest expenses	5,512,671	2,615,136
Exchange rate adjustments	2,387,672	5,112,554
Other financial expenses	402,800	0
	8,678,683	7,940,165

5 Tax on profit/loss for the year

	2023	2022
	DKK	DKK
Current tax	2,249,781	(49,234)
Change in deferred tax	(1,644,000)	3,158,000
	605,781	3,108,766

6 Proposed distribution of profit and loss

	2023	2022
	DKK	DKK
Ordinary dividend for the financial year	0	5,000,000
Extraordinary dividend distributed in the financial year	0	8,000,000
Retained earnings	(15,133,142)	(12,173,896)
	(15,133,142)	826,104

7 Intangible assets

	Completed development projects DKK	Acquired patents DKK	Goodwill DKK	Development projects in progress DKK
Cost beginning of year	9,205,992	306,792	18,779,557	0
Additions	772,002	0	0	1,646,205
Cost end of year	9,977,994	306,792	18,779,557	1,646,205
Amortisation and impairment losses beginning of year	(4,155,479)	(261,668)	(12,870,030)	0
Amortisation for the year	(1,240,612)	(23,544)	(1,727,952)	0
Amortisation and impairment losses end of year	(5,396,091)	(285,212)	(14,597,982)	0
Carrying amount end of year	4,581,903	21,580	4,181,575	1,646,205

8 Development projects

The capitalised development costs relate to the development of products for customers in the wind power industry, including supporting IT setup.

Sales transactions based on the completed development projects have occurred through out 2023 and will proceed through out 2024.

9 Property, plant and equipment

	Plant and machinery DKK	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost beginning of year	15,706,706	1,122,329	1,258,364
Transfers	0	776,562	0
Additions	216,677	71,444	0
Cost end of year	15,923,383	1,970,335	1,258,364
Depreciation and impairment losses beginning of year	(10,324,328)	(621,173)	(847,849)
Transfers	0	(776,562)	0
Depreciation for the year	(1,918,972)	(181,356)	(230,052)
Depreciation and impairment losses end of year	(12,243,300)	(1,579,091)	(1,077,901)
Carrying amount end of year	3,680,083	391,244	180,463
Recognised assets not owned by entity	1,748,233	0	0

10 Financial assets

	Investments in group enterprises DKK	Deposits DKK
Cost beginning of year	28,525,322	934,041
Additions	223,646	73,050
Cost end of year	28,748,968	1,007,091
Impairment losses beginning of year	(14,202,579)	0
Exchange rate adjustments	587,779	0
Adjustments on equity	(83,898)	0
Impairment losses on goodwill	(2,455,908)	0
Share of profit/loss for the year	(10,973,127)	0
Adjustment of intra-group profits	(40,154)	0
Investments with negative equity value transferred to provisions	8,771,589	0
Impairment losses end of year	(18,396,298)	0
Carrying amount end of year	10,352,670	1,007,091

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

Goodwill, carrying amount as per 31 December 2023, DKK 7,777k, relates to the acquired activity in the subsidiaries in 2017. The value of goodwill is subject to uncertainty as this depends on the future earnings and development in the subsidiaries, including the realisation and execution of planned activity expansions in the companies and the realisation of the expected earnings increases as a result thereof.

11 Contract work in progress

	2023	2022
	DKK	DKK
Contract work in progress	52,920,432	60,051,344
Progress billings	(40,283,534)	(41,829,346)
Transferred to liabilities other than provisions	435,407	9,375,274
	13,072,305	27,597,272

12 Prepayments

Prepayments consist of prepaid expenses relating to rent, insurance premiums, subscriptions etc.

13 Deferred tax

	2023	2022
	DKK	DKK
Intangible assets	1,273,000	1,041,000
Property, plant and equipment	(543,000)	(504,000)
Inventories	770,000	206,000
Receivables	2,280,000	4,589,000
Other deductible temporary differences	(116,000)	(24,000)
Deferred tax	3,664,000	5,308,000

	2023	2022
	DKK	DKK
Changes during the year		
Beginning of year	5,308,000	2,150,000
Recognised in the income statement	(1,644,000)	3,158,000
End of year	3,664,000	5,308,000

14 Other provisions

Other provisions consist of expected loss on contracts related to work in progress

15 Provisions for investments in group enterprises

Provision for investments in group enterprises consists of the negative net asset value of the US subsidiary per 31 December 2023. Formerly the subsidiary has been a sales unit, but is now in its start-up phase in relation to being a production unit. The parent company supports the subsidiary through internal sourcing and liquidity support on market terms. The company is expected to re-establish its equity through its own operations over a shorter number of years.

16 Non-current liabilities other than provisions

	Due within 12 months 2023 DKK	Due within 12 months 2022 DKK	Due after more than 12 months 2023 DKK	Outstanding after 5 years 2023 DKK
Lease liabilities	394,328	386,725	1,195,201	0
Other payables	0	0	2,331,181	2,331,181
	394,328	386,725	3,526,382	2,331,181

17 Unrecognised rental and lease commitments

	2023 DKK	2022 DKK
Total liabilities under rental or lease agreements until maturity	11,491,513	13,766,695

18 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Ejendomsselskabet Nyholmsvej, Holstebro ApS serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

19 Assets charged and collateral

Bank debt has been secured on a registered floating charge of DKK 40,000k secured on goodwill and patents, fixed assets, inventories and trade receivables. The carrying amount of assets charged is DKK 79,020k (DKK 58.668k at 31.12.2022).

Collateral provided for group enterprises

The Entity has through the registered floating charge of DKK 40,000k guaranteed the Company's German subsidiary's bank debt. The subsidiary's outstanding with the bank is net positive as per 31. December 2023.

20 Related parties with controlling interest

Danhydra Holding A/S, Lollandsvej 2D, 7400 Herning, owns all shares in the Entity, thus exercising control.

Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

The accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

True and fair view

Management has chosen to present the income statement using the nature of expense method, instead of the expense function method, which has been applied in previous years. This has been chosen by the company as they believe it provides a more accurate representation of the company's financial position.

The change in presentation format has not had any financial impact on either the profit/loss or balance sheet for the group or the parent company.

The comparative figures have been restated following the change in presentation.

Recognition and measurement

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 future economic 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.

Consolidated financial statements

The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation

The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on

transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the takeover date, with net assets having been calculated at fair value.

Business combinations

Positive differences in amount (goodwill) between cost of the acquired share and fair value of the assets and liabilities taken over are recognised under intangible assets, and they are amortised systematically over the income statement based on an individual assessment of their useful lives. If the useful life cannot be estimated reliably, it is fixed at 10 years. Useful life is reassessed annually.

The uniting-of-interests method is applied on acquisition of enterprises, mergers, demergers, contributions of assets and exchanges of shares, etc. in which the enterprises concerned are controlled by the Parent, under which method the combination is considered completed at the date of acquisition without restatement of comparative figures. Under the uniting-of-interests method, the acquiree's assets and liabilities are recognised at their carrying amounts, adjusted for any differences in accounting policies and accounting estimates. The difference between the consideration agreed and the carrying amount of the acquiree is recognised in equity.

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.

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 and out of the translation of income statements from average rates to the exchange rates at the balance sheet date are recognised directly in translation reserve in equity.

Exchange adjustments of outstanding accounts with independent foreign subsidiaries, which are considered part of the total investment in the subsidiary in question, are recognised directly in translation reserve in 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 writedown. 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, other operating income, costs of raw materials and consumables and external expenses.

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).

Other operating income

Other operating income comprises income of a secondary nature as viewed in relation to the Entity's primary activities, including profit from the sale of intangible assets and property, plant and equipment, and salary refunds .

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for normal inventory writedowns.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and normal writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's normal activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other operating expenses

Other operating expenses comprise expenses of a secondary nature as viewed in relation to the Entity's primary activities, including loss from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income 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.

Other financial income

Other financial income comprises interest income on receivables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net exchange losses on transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/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.

The Parent is jointly taxed with all Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet**Goodwill**

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. The amortisation periods used are 5-10 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed and in progress with related intellectual property rights, acquired intellectual property rights and prepayments for intangible assets.

Development projects on clearly defined and identifiable products and processes, for which the technical rate of utilisation, adequate resources and a potential future market or development opportunity in the enterprise can be established, and where the intention is to manufacture, market or apply the product or process in question, are recognised as intangible assets. Other development costs are recognised as costs in the income statement as incurred. When recognising development projects as intangible assets, an amount equalling the costs incurred less deferred tax is taken to equity under reserve for development costs that is reduced as the development projects are amortised and written down.

The cost of development projects comprises costs such as salaries that are directly and indirectly attributable to the development projects.

Completed development projects are amortised on a straight-line basis using their estimated useful lives which are determined based on a specific assessment of each development project. The amortisation periods used are 3-5 years.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Plant and machinery as well as other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

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
Plant and machinery	3-8 years
Other fixtures and fittings, tools and equipment	3-5 years
Leasehold improvements	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.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value plus unamortised goodwill and 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 will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

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 in equity.

Goodwill is the difference between cost of investments and fair value of the pro rata share of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For amounts of goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 10 years.

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

Inventories

Inventories are measured at the lower of cost using the FIFO method and net realisable 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 on and impairment losses relating to machinery, factory buildings and equipment used in the manufacturing process, and 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 contract 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, and finance costs are recognised in the income statement as incurred.

Deferred tax

Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Tax payable or receivable

Current tax payable or receivable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.

Prepayments

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

Cash

Cash comprises bank deposits.

Dividend

Dividend is recognised as a liability at the time of adoption at the general meeting. Proposed dividend for the financial year is disclosed as a separate item in equity. Extraordinary dividend adopted in the financial year is recognised directly in equity when distributed and disclosed as a separate item in Management's proposal for distribution of profit/loss.

Other provisions

Provision for investments in group enterprises consists of the negative net asset value of subsidiaries, where the Parent company supports the subsidiaries through internal sourcing and with liquidity.

Lease liabilities

Lease liabilities relating to assets held under finance leases are recognised in the balance sheet as liabilities other than provisions, and, at the time of inception of the lease, measured at the present value of future lease payments. Subsequent to initial recognition, lease liabilities are measured at amortised cost. The difference between present value and nominal amount of the lease payments is recognised in the income statement as a financial expense over the term of the leases.

Operating leases

Lease payments on operating leases are recognised on a straight-line basis in the income statement over the term of the lease.

Other financial liabilities

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

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and taxes paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment, including acquisition of assets held under finance leases.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, inception of finance leases, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash less short-term bank loans.