
Grøn Vækst A/S

Øde Hastrup Vej 65, DK-4000 Roskilde

Annual Report for 2023

CVR No. 33 59 86 53

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 15/5 2024

Kjeld Ryberg
Chairman of the
general meeting



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Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Grøn Vækst A/S for the financial year 1 January - 31 December 2023.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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

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

Roskilde, 15 May 2024

Executive Board

Thomas Olesen

Jakob Benedikt Kristensen

Board of Directors

Morten D. Hansen
Chairman

Thomas Olesen

Holger Randrup Hansen

Lars Møller Hansen

Independent Auditor's report

To the shareholder of Grøn Vækst A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Grøn Vækst A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company 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.

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

Management is responsible for the preparation of 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 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 Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Ringsted, 15 May 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Brian Pedersen
State Authorised Public Accountant
mne28701

Kenneth Østergaard
State Authorised Public Accountant
mne47262

Company information

The Company	Grøn Vækst A/S Øde Hastrup Vej 65 DK-4000 Roskilde CVR No: 33 59 86 53 Financial period: 1 January - 31 December Municipality of reg. office: Roskilde
Board of Directors	Morten D. Hansen, chairman Thomas Olesen Holger Randrup Hansen Lars Møller Hansen
Executive Board	Thomas Olesen Jakob Benedikt Kristensen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted
Bankers	Nykredit Under Krystallen 1 1780 København V

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Profit/loss of primary operations	16,000	23,482	16,681	4,563	-1,668
Profit/loss of financial income and expenses	-395	-396	-404	-357	-471
Net profit/loss for the year	12,165	17,990	12,654	3,245	-1,703
Balance sheet					
Balance sheet total	120,405	87,873	80,756	50,890	46,320
Investment in property, plant and equipment	11,800	4,898	13,878	5,142	9,535
Equity	34,155	28,290	21,300	13,797	10,551
Ratios					
Return on assets	13.3%	26.7%	20.7%	9.0%	-3.6%
Solvency ratio	28.4%	32.2%	26.4%	27.1%	22.8%
Solvency ratio excl. net debt to factor	34.9%	32.2%	26.4%	27.1%	22.8%
Return on equity	39.0%	72.6%	72.1%	26.7%	-16.0%

Management's review

Key Activities

Grøn Vækst A/S is a large landscaping firm specialising in operation and maintenance of green areas for a wide range of customers. Irrespective of the type of customer; major private companies, public parks and green areas or cemeteries, we provide our customers with employees who have the required professional background and a desire for this particular work. Our customers will, therefore, experience a well-planned service where our competent and friendly employees perform the agreed tasks on time and of the right professional quality.

As part of Europe's largest landscaping group, idverde, Grøn Vækst draws on competencies and experience from its affiliated companies in Denmark, France, England, the Netherlands and Germany, and our employees are provided with the opportunity of education and development across the entire Idverde organisation and national borders.

In addition to grounds maintenance, the Company offers snow removal and winter gritting, caretaker services, arboricultural services and landscape creation, which allows it to deliver an all-round operational solution for the outdoor areas of businesses, municipalities, regions, institutions and housing associations. Sustainable solutions and biodiversity are focal areas which have become increasingly important in recent years.

The Company has branches in Roskilde, Slagelse and Hillerød as well as access to more than ten other locations in Denmark as part of the idverde Denmark Group.

The Company carries out contracts in the green area throughout Denmark with due consideration of the environment, health and safety, high quality and professional standards. The Company is based on three primary values: Collaboration, professional expertise and hard work. The values of Grøn Vækst A/S have been selected as the most important parameters for a healthy and thriving business, where work is also both fun and professionally satisfying. Grøn Vækst A/S holds the certifications ISO 14001 Environmental management and ISO 45001 Occupational health and safety management systems. In addition, in April 2024, Grøn Vækst achieved a B Corp certification, which proves Grøn Vækst's high standards and responsible behaviour in the areas of social and environmental impact. Our certified management systems in the areas of environment and health and safety show our customers that we take care of the environment and our employees. This is ensured through:

- Large share of skilled workers.
- Compliance with professional standards.
- Quality assurance and control by means of own electronic quality assurance platform.
- Use of approved quality-assured products
- Warranty on our work, including, for example,
- Plant warranty.
- The same heavy demands on subcontractors as are made on employees.

The past year and follow-up on development expectations from last year

In 2023, profit for the year exceeded the expectations described in the Annual Report 2022 by approx. DKK 2 million.

This is primarily due to higher winter service revenue and a large production flow in a green season challenged by several once-a-century weather events, such as drought, excessive rainfall and higher mean temperatures.

Management's review

Intellectual capital resources

As it is Grøn Vækst A/S' goal to deliver high quality and innovative environmentally friendly solutions, it is crucial to develop, retain and recruit employees with a high educational level in the landscape gardening industry and the areas of expertise that are an ordinary part of an organisation the size of Grøn Vækst A/S.

External environment

It is the Company's specific objective to be among the absolute leading landscaping businesses in sustainable grounds maintenance of green areas in Denmark – and to offer snow removal and winter gritting – based on full documentation of the work carried out throughout Denmark. As part of the effort to create a balance between both the social and human aspects as well as the environmental and value-adding aspects of the Company's activities, the work on its environmental policy has intensified.

Grøn Vækst's environmental policy is based on environmentally responsible operations and aims at leaving as small an environmental and climate footprint as possible.

As part of its environmental policy, the Company always offers alternatives to pesticides and guides customers to the most environmentally safe solution.

Our environmental and health and safety policies are based on our two environmental and occupational health and safety certifications, as well as the UN's Sustainable Development Goals. These constitute cornerstones of Grøn Vækst A/S' DNA. We have chosen to focus on five of the UN's Sustainable Development Goals:

- Goal 3: Good health and well-being
- Goal 4: Quality education
- Goal 5: Gender equality
- Goal 7: Affordable and clean energy
- Goal 12: Responsible consumption and production

The first three goals are included in our health and safety policy and the final two in our environmental policy.

As the environment is so deeply embedded in our green solutions, it is a completely natural part of our work day. Our employees are also keenly aware of this. For example, some locations only use electric tools and vehicles. Our customers increasingly demand that we are capable of handling environmental issues in a professional and structured manner – and we are capable of that, because that is precisely what we are!

What are we doing specifically for the environment?

- We integrate biodiversity into every possible solution.
- We use manual electric power tools for as many tasks as possible. When this is not possible, we use alkylate fuel or Shell GTL fuel.
- We coordinate the transport of sorted waste.
- We map all our resources in green accounts with annual reduction goals.
- We use alternative deicing agents in our winter services, for example acetates instead of salt.
- From 2024, we will be using pesticide-free weed control.

Grøn Vækst A/S is focused on socially responsible behaviour and complies with applicable legislation while interacting positively with customers, suppliers, employees and the authorities.

Management's review

According to the Company's CSR strategy, focus is on creating quality throughout the organisation and its work. This applies both to the product delivered to our customers and the way Grøn Vækst A/S is run as a company. At the same time, the Company intends to take the lead and create a business which raises the standards, both in relation to Grøn Vækst A/S, our business partners and the landscaping industry.

Financial risks

Grøn Vækst A/S is not exposed to special risks, including business and financial risks, other than generally occurring risks of the landscaping industry. We focus on cash management through efficient administrative processes and structured follow-up on receivables.

Targets and expectations for the year ahead

Management expects the Company to achieve a profit after tax for 2024 in the range of DKK 12.0 million to DKK 14.0 million.

Uncertainty relating to recognition and measurement

There has been no uncertainty relating to recognition and measurement in the Annual Report.

Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Income statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Gross profit		42,428	44,341
Distribution expenses		-196	-131
Administrative expenses	1	-26,232	-20,727
Profit/loss before financial income and expenses		16,000	23,483
Financial income	2	1,076	106
Financial expenses		-1,471	-502
Profit/loss before tax		15,605	23,087
Tax on profit/loss for the year	3	-3,440	-5,097
Net profit/loss for the year	4	12,165	17,990

Balance sheet 31 December

Assets

	Note	2023	2022
		TDKK	TDKK
Plant and machinery		15,474	14,485
Other fixtures and fittings, tools and equipment		12,348	8,831
Leasehold improvements		385	765
Property, plant and equipment	5	28,207	24,081
Deposits	6	556	604
Fixed asset investments		556	604
Fixed assets		28,763	24,685
Raw materials and consumables		374	283
Inventories		374	283
Trade receivables		50,330	50,874
Contract work in progress	7	5,652	424
Receivables from group enterprises		23,765	0
Other receivables		2	257
Prepayments	8	1,123	285
Receivables		80,872	51,840
Cash at bank and in hand		10,396	11,064
Current assets		91,642	63,187
Assets		120,405	87,872

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		TDKK	TDKK
Share capital		3,000	3,000
Retained earnings		23,155	25,290
Proposed dividend for the year		8,000	0
Equity		34,155	28,290
Provision for deferred tax	9	396	313
Provisions		396	313
Lease obligations		15,752	12,652
Long-term debt	10	15,752	12,652
Credit institutions		22,491	0
Lease obligations	10	7,760	6,258
Trade payables		21,009	24,021
Contract work in progress	7	1,851	240
Payables to group enterprises		247	1,382
Corporation tax		0	2,566
Payables to group enterprises relating to corporation tax		3,358	0
Other payables		13,386	12,150
Short-term debt		70,102	46,617
Debt		85,854	59,269
Liabilities and equity		120,405	87,872
Contingent assets, liabilities and other financial obligations	13		
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	3,000	25,290	0	28,290
Extraordinary dividend paid	0	-6,300	0	-6,300
Net profit/loss for the year	0	4,165	8,000	12,165
Equity at 31 December	3,000	23,155	8,000	34,155

Cash flow statement 1 January - 31 December

	Note	2023	2022
		TDKK	TDKK
Result of the year		12,165	17,990
Adjustments	11	10,906	11,643
Change in working capital	12	-29,288	4,864
Cash flow from operations before financial items		-6,217	34,497
Financial income		1,076	106
Financial expenses		-1,471	-502
Cash flows from ordinary activities		-6,612	34,101
Corporation tax paid		-2,566	-6,455
Cash flows from operating activities		-9,178	27,646
Purchase of property, plant and equipment		-11,744	-4,898
Sale of property, plant and equipment		548	564
Sale of fixed asset investments made etc		48	0
Cash flows from investing activities		-11,148	-4,334
Reduction of lease obligations		-6,796	-8,441
Repayment of payables to group enterprises		-1,135	0
Repayment of other long-term debt		0	-23
Raising of loans from credit institutions		22,491	0
Lease obligations incurred		11,398	6,258
Dividend paid		-6,300	-11,000
Cash flows from financing activities		19,658	-13,206
Change in cash and cash equivalents		-668	10,106
Cash and cash equivalents at 1 January		11,064	958
Cash and cash equivalents at 31 December		10,396	11,064
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		10,396	11,064
Cash and cash equivalents at 31 December		10,396	11,064

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
1. Staff		
Wages and salaries	62,255	59,891
Pensions	5,774	5,003
Other staff expenses	4,835	3,911
	72,864	68,805
Including remuneration to the Executive Board and Board of Directors:		
Executive board	3,164	3,088
Board of directors	450	87
	3,614	3,175
Average number of employees	139	137
	2023	2022
	TDKK	TDKK
2. Financial income		
Interest received from group enterprises	1,076	106
	1,076	106
	2023	2022
	TDKK	TDKK
3. Income tax expense		
Current tax for the year	3,358	4,913
Deferred tax for the year	82	184
	3,440	5,097
	2023	2022
	TDKK	TDKK
4. Profit allocation		
Extraordinary dividend paid	6,300	11,000
Proposed dividend for the year	8,000	0
Retained earnings	-2,135	6,990
	12,165	17,990

Notes to the Financial Statements

5. Property, plant and equipment

	Plant and machinery	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	TDKK	TDKK	TDKK
Cost at 1 January	33,582	18,776	2,113
Additions for the year	5,350	6,394	57
Disposals for the year	-322	-643	0
Cost at 31 December	<u>38,610</u>	<u>24,527</u>	<u>2,170</u>
Impairment losses and depreciation at 1 January	19,097	9,945	1,348
Depreciation for the year	4,100	2,870	437
Reversal of impairment and depreciation of sold assets	-61	-636	0
Impairment losses and depreciation at 31 December	<u>23,136</u>	<u>12,179</u>	<u>1,785</u>
Carrying amount at 31 December	<u>15,474</u>	<u>12,348</u>	<u>385</u>
Including assets under finance leases amounting to	<u>12,672</u>	<u>12,210</u>	<u>0</u>

6. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	604
Additions for the year	-48
Cost at 31 December	<u>556</u>
Carrying amount at 31 December	<u>556</u>

7. Contract work in progress

Contract work in progress is recognised in the balance sheet as follows:

	2023	2022
	TDKK	TDKK
Contract work in progress recognised in assets	5,652	424
Prepayments received recognised in debt	-1,851	-240
	<u>3,801</u>	<u>184</u>

Notes to the Financial Statements

8. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums, subscriptions and interest.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
9. Provision for deferred tax		
Deferred tax liabilities at 1 January	313	129
Amounts recognised in the income statement for the year	<u>83</u>	<u>184</u>
Deferred tax liabilities at 31 December	<u>396</u>	<u>313</u>
Intangible assets	0	-11
Property, plant and equipment	323	159
Prepayments	73	170
Liabilities	<u>0</u>	<u>-5</u>
	<u>396</u>	<u>313</u>

Deferred tax has been provided at 22% corresponding to the current tax rate.

	<u>2023</u>	<u>2022</u>
	TDKK	TDKK
10. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	<u>15,752</u>	<u>12,652</u>
Long-term part	15,752	12,652
Within 1 year	<u>7,760</u>	<u>6,258</u>
	<u>23,512</u>	<u>18,910</u>

Notes to the Financial Statements

	2023	2022
	TDKK	TDKK
11. Cash flow statement - Adjustments		
Financial income	-1,076	-106
Financial expenses	1,471	502
Depreciation, amortisation and impairment losses, including losses and gains on sales	7,071	6,150
Tax on profit/loss for the year	3,440	5,097
	<u>10,906</u>	<u>11,643</u>
	2023	2022
	TDKK	TDKK
12. Cash flow statement - Change in working capital		
Change in inventories	-91	-84
Change in receivables	-29,032	1,279
Change in trade payables, etc	-165	3,669
	<u>-29,288</u>	<u>4,864</u>
	2023	2022
	TDKK	TDKK
13. Contingent assets, liabilities and other financial obligations		
Charges and security		
The following assets have been placed as security with bankers:		
Floating charge registered to the banker totalling kDKK 11,000, providing security on other fixtures and fittings, tools and equipment, inventory and trade receivables at a total carrying amount of:	54,647	0
Rental and lease obligations		
Lease obligations, period of non-terminability 6-17 months	1,866	2,843
Guarantee obligations		
The company has provided the normal guarantees for the industry. Guarantees provided amounts to kDKK	2,356	2,872

Notes to the Financial Statements

2023	2022
TDKK	TDKK

13. Contingent assets, liabilities and other financial obligations

Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Armoriga Danmark ApS, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

14. Related parties and disclosure of consolidated financial statements

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Armoriga Danmark ApS, CVR no. 40 89 54 93	Roskilde

15. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

Notes to the Financial Statements

16. Accounting policies

The Annual Report of Grøn Vækst A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in TDKK.

Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Leases

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

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

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

Income statement

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from construction contracts involving the delivery of highly customised assets are recognised in the income statement as revenue according to the stage of completion. Accordingly, revenue corresponds to the selling price of work performed during the year (percentage of completion method).

Production expenses

Production expenses comprise costs incurred to achieve revenue for the year. Cost comprises raw materials, consumables, direct labour costs and indirect production costs such as maintenance and depreciation, etc, as well as operation, administration and management of factories.

Notes to the Financial Statements

Gross profit

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, production expenses and other operating income.

Distribution expenses

Distribution expenses comprise costs in the form of salaries to sales and distribution staff, advertising and marketing expenses as well as operation of motor vehicles, depreciation, etc.

Administrative expenses

Administrative expenses comprise expenses for Management, administrative staff, office expenses, depreciation, etc.

Other operating income and expenses

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

Financial income and expenses

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

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

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with the danish parent company. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Plant and machinery	3-10 years
Other fixtures and fittings, tools and equipment	3-8 years
Leasehold improvements	3-5 years

The residual values are estimated at the following percentage of the cost:

Notes to the Financial Statements

Plant and machinery	0-20 %
Other fixtures and fittings, tools and equipment	0-40 %
Leasehold improvements	0 %

The residual value of other fixed assets is determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

Receivables

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

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

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

Notes to the Financial Statements

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities.

Deferred tax assets and liabilities are offset within the same legal tax entity.

Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

Financial liabilities

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

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

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

Cash Flow Statement

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

Notes to the Financial Statements

Cash flows from operating activities

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

Cash flows from investing activities

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

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

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

Financial Highlights

Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Solvency ratio excl. net debt to factor	
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$