

# Kraftvaerk Group A/S

Prags Boulevard 80, 4.  
2300 København S

## Annual report 2020

The annual report was presented and approved at  
the Company's annual general meeting

on 26. may 2021

Jens Vasehus

---

chairman of the annual general meeting

## Contents

Statement by the Board of Directors and the Executive Board	2
Independent auditor's report	3
Management's review	6
Company details	6
Financial highlights for the Group	7
Operating review	8
Operating review	9
Consolidated financial statements and parent company financial statements 1 January – 31 December	10
Income statement	10
Balance sheet	11
Statement of changes in equity	13
Notes	15

## **Statement by the Board of Directors and the Executive Board**

The Board of Directors and the Executive Board have today discussed and approved the annual report of Kraftvaerk Group A/S for the financial year 1 January – 31 December 2020.

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

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, of the results for the year and of the Group's and the Parent Company's financial position.

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

Copenhagen, 26 May 2021  
Executive Board:

---

Otto Andersen

Board of Directors:

---

Jens Vasehus

---

Otto Andersen

---

Mads Bjerre



## **Independent auditor's report**

### **To the shareholders of Kraftvaerk Group A/S**

#### **Opinion**

We have audited the consolidated financial statements and the parent company financial statements of Kraftvaerk Group A/S for the financial year 1 January – 31 December 2020 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group as well as for the Parent Company and a cash flow statement for the Group. The consolidated financial statements and parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the Group's and the Parent Company's assets, liabilities and financial position at 31 December 2020 and of the results of the Group's and the Parent Company's operations and consolidated cash flows for the financial year 1 January – 31 December 2020 in accordance with the Danish Financial Statements Act.

#### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (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 consolidated financial statements and the parent company financial statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Management's responsibility for the consolidated financial statements and the parent company financial statements**

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

In preparing the consolidated financial statements and the parent company financial statements, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements unless Management either intends to liquidate the Group or 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 consolidated financial statements and the parent company financial statements

Our objectives are to obtain reasonable assurance as to whether the consolidated financial statements and the parent company 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 in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made on the basis of these consolidated financial statements and parent company 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the consolidated financial statements and the parent company financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements and the parent company 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 Company to cease to continue as a going concern.
- evaluate the overall presentation, structure and contents of the consolidated financial statements and the parent company financial statements, including the disclosures, and whether the consolidated financial statements and the parent company 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.



## Independent auditor's report

### Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the consolidated financial statements and the parent company financial statements does not cover the Management's review, and we do not express any form of assurance conclusion thereon.

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

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

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

Copenhagen, 26 May 2021

**KPMG**

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Klaus Rytz  
State Authorised  
Public Accountant  
mne33205

## Management's review

### Company details

Kraftvaerk Group A/S  
Prags Boulevard 80, 4.  
2300 København S

Telephone:	70 22 64 80
Website:	<a href="http://www.kraftvaerk.com">www.kraftvaerk.com</a>
E-mail:	<a href="mailto:info@kraftvaerk.com">info@kraftvaerk.com</a>
CVR no.	33 63 91 04
Established:	27 April 2011
Registered office:	Copenhagen
Financial year:	1 January – 31 December

### Board of Directors

Jens Vasehus  
Otto Andersen  
Mads Bjerre

### Executive Board

Otto Andersen

### Auditor

KPMG  
Statsautoriseret Revisionspartnerselskab  
Dampfaergevej 28  
DK-2100 Copenhagen  
Denmark

### Annual general meeting

The annual general meeting will be held on 26 May 2021.

## Management's review

### Financial highlights for the Group

DKK'000	2020	2019	2018	2017	2016
Revenue	83,926	101,772	97,077	87,601	72,030
Gross profit/loss	68,762	85,441	80,906	72,557	58,851
Ordinary operating profit/loss	2,656	2,026	5,476	11,225	5,969
Profit/loss from financial income and expenses	170	-24	366	-703	630
Profit/loss for the year	744	-809	1,930	6,267	3,725
Total assets	34,986	27,883	31,737	31,266	29,376
Investments in property, plant and equipment	2,223	2,652	3,314	3,779	3,002
Equity	7,695	7,307	10,003	13,162	11,907
Gross margin	82%	84%	83%	83%	82%
Solvency ratio	22%	26%	32%	42%	41%
Operating margin	1%	0%	3%	10%	6%

The financial ratios have been calculated as follows:

Gross margin

$$\frac{\text{Gross profit} \times 100}{\text{Revenue}}$$

Solvency ratio

$$\frac{\text{Equity ex. non-controlling interests at year end} \times 100}{\text{Total equity and liabilities at year end}}$$

Operating margin

$$\frac{\text{Operating profit} \times 100}{\text{Revenue}}$$



## Management's review

### Operating review

#### The Group's principal activities

The Company's activities comprise IT and business development.

#### Development in activities and financial position

##### *Profit/loss for the year (including comparison with forecasts previously announced)*

The income statement for the period 1 January – 31 December 2020 shows a profit of DKK 743,839 against a loss of DKK 808,536 for the period 1 January – 31 December 2019. The balance sheet shows equity of 7,713,251 DKK

2020 was an unpredictable year due to COVID-19, but despite the restrictions during the pandemic the result for 2020 is considered satisfactory.

#### Events after the balance sheet date

As a result of COVID-19, there was a negative effect on the Company's operations after the financial year end. The effect of COVID-19 is still unknown, but the Company has continued secured its capital resources.

#### Outlook

The uncertainties related to operations due to the COVID-19 makes it very difficult to forecast the result for 2021 Measures has been taken in order to respond to the negative effects of the COVID-19. These measures make Management believe that the result for 2021 will be positive.

#### Particular risks

##### *Operating risks*

The Company is not exposed to any special risks usual for a consultancy firm.

##### *Financial risks*

##### *Currency risks*

Activities outside of Denmark means that earnings, cash flows and equity are affected by exchange rate and interest rate developments. These risks are expected to level out over time and due to fact that The Company has no plans for exiting any of these markets outside of Denmark, the Management does not consider these risks to be material for the future operations of the Company.

## **Management's review**

### **Operating review**

#### *Interest rate risks*

As the net interest-bearing debt does not constitute a significant amount, moderate changes in the interest rate level will have no significant direct effect on earnings.

#### *Credit risks*

The Company has a line of credit at its disposal from its main bank and does not consider credit risks to be a material risk for the operations in 2021.

### **Environmental matters**

The Company is not considered to be subject to any material negative effects on the environment.

### **Research and development activities**

The Company does not have a significant cost related to Research and development activities. Those activities are mainly concentrated in one of the subsidiaries and not at a material level.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Income statement

DKK	Note	Group		Parent Company	
		2020	2019	2020	2019
<b>Revenue</b>		83,925,721	101,771,887	350,000	289,200
Cost of sales		-3,397,399	-2,590,599	0	0
Other external expenses		-11,765,918	-13,739,850	-229,904	-285,962
<b>Gross profit/loss</b>		68,762,404	85,441,438	120,096	3,238
Staff cost	2	-66,106,479	-83,415,391	0	0
<b>Ordinary operating profit</b>		2,655,925	2,026,047	120,096	3,238
Depreciation, amortisation, impairment losses and write- downs of property, plant and equipment		-1,651,007	-2,409,966	0	0
<b>Operating profit</b>		1,004,918	-383,919	120,096	3,238
Income from equity investments in group entities		0	0	949,134	-391,808
Other financial income	3	169,836	0	88,433	116,695
Write-down of financial assets		0	0	-318,296	-410,148
Other financial expenses	4	0	-23,639	-155,996	-224,473
<b>Profit before tax</b>		1,174,754	-407,558	683,371	-906,496
Tax on profit	5	-430,915	-400,977	-11,557	22,960
<b>Profit for the year</b>	6	743,839	-808,535	671,814	-883,536

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Balance sheet

DKK	Note	Group		Parent Company	
		2020	2019	2020	2019
<b>ASSETS</b>					
<b>Fixed assets</b>					
<b>Intangible assets</b>					
	7				
Completed development projects		111,300	454,762	0	0
Goodwill		143,321	228,055	0	0
		<u>254,621</u>	<u>682,817</u>	<u>0</u>	<u>0</u>
<b>Property, plant and equipment</b>					
	8				
Fixtures and fittings, tools and equipment		2,222,524	2,652,380	0	0
		<u>2,222,524</u>	<u>2,652,380</u>	<u>0</u>	<u>0</u>
<b>Investments</b>					
Equity investments in group entities	9	0	0	10,196,890	8,705,433
Deposits		1,316,847	2,148,786	0	0
		<u>1,316,847</u>	<u>2,148,786</u>	<u>10,196,890</u>	<u>8,705,433</u>
<b>Total fixed assets</b>		<u>3,793,992</u>	<u>5,483,983</u>	<u>10,196,890</u>	<u>8,705,433</u>
<b>Current assets</b>					
<b>Receivables</b>					
Trade receivables		20,643,866	18,490,813	36,458	0
Work in progress	10	1,617,102	2,236,526	0	0
Deferred tax asset	11	184,160	303,790	0	0
Income tax receivable		409,753	266,893	11,403	22,960
Other receivables		53,209	250,146	23	27
Prepayments	12	1,360,418	850,460	0	0
		<u>24,268,508</u>	<u>22,398,628</u>	<u>47,884</u>	<u>22,987</u>
<b>Cash at bank and in hand</b>		<u>6,923,168</u>	<u>0</u>	<u>431,772</u>	<u>0</u>
<b>Total current assets</b>		<u>31,191,676</u>	<u>22,398,628</u>	<u>479,656</u>	<u>22,987</u>
<b>TOTAL ASSETS</b>		<u>34,985,668</u>	<u>27,882,611</u>	<u>10,676,556</u>	<u>8,728,420</u>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Balance sheet

DKK	Note	Group		Parent Company	
		2020	2019	2020	2019
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Contributed capital	13	1,000,000	1,000,000	1,000,000	1,000,000
Reserve for net revaluation according to the equity method		0	0	2,756,527	1,265,071
Reserve for development costs		212,812	354,714	0	0
Retained earnings		6,482,221	5,952,474	3,938,506	5,114,148
Proposed dividends for the financial year		0	0	0	0
<b>Total equity</b>		<b>7,695,033</b>	<b>7,307,188</b>	<b>7,695,033</b>	<b>7,379,219</b>
<b>Liabilities other than provisions</b>					
<b>Non-current liabilities other than provisions</b>					
Other payables		4,019,210	1,946,926	0	0
		<u>4,019,210</u>	<u>1,946,926</u>	<u>0</u>	<u>0</u>
<b>Current liabilities other than provisions</b>					
Short-term portion of long-term payables	14	0	666,666	0	666,666
Debt to banks		0	326,056	0	26,617
Prepayments received from work in progress	10	1,516,761	1,888,980	0	0
Prepayments from customers		5,426,070	1,913,585	0	0
Trade payables		2,463,683	1,849,193	0	0
Payables to group entities		0	266,671	2,811,732	387,479
Other payables		12,215,749	10,370,640	169,791	268,439
Deferred income	15	1,649,162	1,346,706	0	0
		<u>23,271,425</u>	<u>18,628,498</u>	<u>2,981,523</u>	<u>1,349,201</u>
<b>Total liabilities other than provisions</b>		<b>27,290,635</b>	<b>20,575,424</b>	<b>2,981,523</b>	<b>1,349,201</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>34,985,668</b>	<b>27,882,611</b>	<b>10,676,556</b>	<b>8,728,420</b>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Group				
	Contributed capital	Reserve for development costs	Retained earnings	Proposed dividend	Total
<b>Equity at 1 January 2020</b>	1,000,000	354,714	5,952,474	0	7,307,188
Total depreciation, amortisation, impairment losses and write-downs during the year	0	-181,926	181,926	0	0
Transferred over the profit appropriation	0	0	743,839	0	743,839
Exchange rate adjustment, foreign subsidiary	0	0	-355,994	0	-355,994
Tax on items under equity	0	40,024	-40,024	0	0
<b>Equity at 31 December 2020</b>	<b>1,000,000</b>	<b>212,812</b>	<b>6,482,221</b>	<b>0</b>	<b>7,695,033</b>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Statement of changes in equity

DKK	Parent Company				
	Contributed capital	Net revaluation according to the equity method	Retained earnings	Proposed dividend	Total equity
<b>Equity at 1 January 2020</b>	1,000,000	1,265,071	5,114,142	0	7,379,213
Transferred over the profit appropriation	0	949,134	-277,320	0	671,814
Exchange rate adjustment, foreign subsidiary	0	-355,994	0	0	-355,994
Distributed dividend from group entities	0	-202,137	202,137	0	0
Other changes in equity	0	1,100,453	-1,100,453	0	0
<b>Equity at 31 December 2020</b>	<u>1,000,000</u>	<u>2,756,527</u>	<u>3,938,506</u>	<u>0</u>	<u>7,695,033</u>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies

The annual report of Kraftvaerk Group A/S for 2020 has been prepared in accordance with the provisions applying to reporting class C (medium).

The accounting policies are unchanged compared to previous year.

#### Omission of cash flow statements

Pursuant to section 86(4) of the Danish Financial Statements Act, a cash flow statement has not been prepared as the Company's cash flows are included in the cash flow statement of Bigsquid ApS.

#### Consolidated financial statements

The consolidated financial statements comprise the Parent Company, Kraftvaerk Group A/S, and subsidiaries in which Kraftvaerk Group A/S directly or indirectly holds more than 50% of the votes or in some other way exercises control over. Entities in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are considered associates.

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

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

#### Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including depreciation, amortisation, impairment losses and write-downs, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the Company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the Company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.



## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Foreign currency translation

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

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

Upon recognition of foreign subsidiaries and associates which are independent entities, the income statements are translated into Danish kroner at average exchange rates for the month, and balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising upon translation of foreign subsidiaries' opening equity and results at the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of balances with independent foreign subsidiaries considered part of the total investment in the subsidiary are recognised directly in equity.

Upon recognition of foreign subsidiaries which are integrated entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the date of acquisition or the date of subsequent revaluations of the asset. Income statement items are translated at the exchange rates at the transaction date, whereas items derived from non-monetary items are translated at historical exchange rates for the non-monetary item.

### Income statement

#### Revenue

Income from the sale of services is recognised as delivery takes place. Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts granted are deducted from revenue.

#### Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year.

#### Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal writedowns.

#### Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Depreciation, amortisation and impairment and losses

Depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets.

##### Other operating costs

Other operating costs comprise costs of a secondary nature in relation to the entity's activities, including costs relating to losses on the sale of intangible assets and property, plant and equipment.

##### Income from equity investments in group entities

For equity investments in subsidiaries that in the Parent Company are measured using the equity method, the share of the entities' profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

Income from equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

##### Impairment losses on financial assets

Impairment losses on financial assets comprise impairment of investments at a lower recoverable amount and write-downs of financial current assets at a lower net realisable value.

##### Financial income and expenses

Financial income and expenses comprise interest income and expenses, financial costs regarding payables and transactions denominated in foreign currencies.

##### Tax on profit for the year

The Parent Company is comprised by the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. The subsidiaries are included in the joint taxation from the date when they are included in the consolidated financial statements and up to the date when they are excluded from the consolidation.

Bigsquid ApS is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

On payment of joint taxation contributions, current Danish corporation tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have used the losses to reduce their own taxable profit.

Tax for the year comprises current tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit for the year is recognised in the income statement at the amount attributable to the profit/loss for the year and directly in equity at the amount attributable to entries directly in equity.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

### Balance sheet

#### Intangible assets

##### *Completed development projects*

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the Company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects are subsequently measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives. The maximum amortisation period is 4 years.

##### *Goodwill*

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised on a straight-line basis over the estimated useful life determined on the basis of Management's experience within the individual business areas. The amortisation period is 5 years.

##### *Gains and losses on the disposal of intangible assets*

Gains and losses on the disposal of intangible assets are determined as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Property, plant and equipment

Property, plant and equipment comprise fixtures and fittings, tools and equipment.

Fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Fixtures and fittings, tools and equipment	3-5 years
--	-----------

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Gains and losses on the disposal of property, plant and equipment are stated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses are recognised in the income statement as other operating income or other operating costs, respectively.

#### Investments

In the balance sheet of the Parent Company, equity investments in subsidiaries are measured according to the equity method. This means that these equity investments are measured at the proportionate share of the entities' equity value, determined according to the accounting policies of the Parent Company, adjusted for the remaining value of positive or negative goodwill and gains and losses on transactions with the entities in question.

Other receivables and deposits are recognised at amortised cost.

#### Impairment of fixed assets

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

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

#### Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Deposits recognised under assets comprise deposits paid to the lessor under leases entered into by the Company.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Work in progress

Work in progress are measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual work in progress.

When the selling price of a work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

##### Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

##### Cash

Cash includes deposits in bank accounts as well as operating cash.

##### Equity

###### *Dividends*

The expected dividend payment for the year is disclosed as a separate item under equity.

###### *Net revaluation reserve according to the equity method*

The net revaluation of equity investments in subsidiaries is recognised in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost. Dividends from subsidiaries which are expected to be adopted before adoption of the annual report for Kraftvaerk Group A/S are not tied up in the revaluation reserve.

###### *Other reserves*

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer associated with the operations of the entity, and the remaining amount will be transferred to retained earnings. In accordance with the amending Danish Financial Statements Act no. 738 of 1 June 2015, development costs will initially be recognised in the reserve, with initial recognition in the balance sheet from 1 January 2016.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 1 Accounting policies (continued)

##### Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities measured on the planned use of the asset or settlement of the liability, respectively. However, deferred tax is not recognised on temporary differences relating to goodwill non-deductible for tax purposes and on office premises and other items where the temporary differences arise at the date of acquisition without affecting either profit or taxable income.

Deferred tax assets, including the tax value of tax loss carryforwards, are recognised at the expected value of their utilisation within the foreseeable future; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Any deferred net assets are measured at net realisable value.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

##### Payables

Deposits recognised under liabilities comprise deposits received from lessees under the Company's leases.

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

##### Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

##### Deferred income

Deferred income comprises payments received regarding income in subsequent years.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 2 Staff costs and incentive schemes

DKK	Group		Parent Company	
	2020	2019	2020	2019
Wages and salaries	56,840,383	71,483,989	0	0
Pensions	5,912,394	6,468,305	0	0
Other social security costs	1,061,742	1,701,731	0	0
Other staff costs	2,291,960	3,761,366	0	0
	<u>66,106,479</u>	<u>83,415,391</u>	<u>0</u>	<u>0</u>
Average number of full-time employees	<u>114</u>	<u>141</u>	<u>0</u>	<u>0</u>

#### 3 Financial income

Interest income from group entities	0	0	88,433	116,695
Other interest income	<u>169,836</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>169,836</u>	<u>0</u>	<u>88,433</u>	<u>116,695</u>

#### 4 Financial expenses

Interest expense to group entities	0	0	151,363	208,709
Other interest expense	<u>0</u>	<u>23,659</u>	<u>4,633</u>	<u>15,764</u>
	<u>0</u>	<u>23,639</u>	<u>155,996</u>	<u>224,473</u>

#### 5 Tax on profit for the year

Current tax for the year	372,733	533,335	11,557	-22,960
Deferred tax adjustment for the year	<u>58,182</u>	<u>-132,358</u>	<u>0</u>	<u>0</u>
	<u>430,915</u>	<u>400,977</u>	<u>11,557</u>	<u>-22,960</u>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

	Group		Parent Company	
	2020	2019	2020	2019
DKK				
<b>6 Proposed profit appropriation</b>				
Proposed dividend for the financial year	0	0	0	0
Reserve for net revaluation according to the equity method	0	0	949,134	-391,808
Retained earnings	762,055	-808,535	-277,320	-491,728
	<u>762,055</u>	<u>-808,535</u>	<u>671,814</u>	<u>-883,536</u>

### 7 Intangible assets

	Group		
	Completed development projects	Goodwill	Total
DKK			
Cost at 1 January 2020	2,884,378	1,473,815	4,358,193
Correction from prior year	-201,920	201,920	0
Cost at 31 December 2020	<u>2,682,458</u>	<u>1,675,735</u>	<u>4,358,193</u>
Amortisation and impairment losses at 1 January 2020	-2,429,616	-1,245,760	-3,675,376
Amortisation	-141,542	-286,654	-428,196
Amortisation and impairment losses at 31 December 2020	<u>-2,571,158</u>	<u>-1,532,414</u>	<u>-4,103,572</u>
<b>Carrying amount at 31 December 2020</b>	<u>111,300</u>	<u>143,321</u>	<u>254,621</u>



## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 8 Property, plant and equipment

	Group
	Fixtures and fittings, tools and equipment
DKK	
Cost at 1 January 2020	9,010,207
Additions	962,573
Disposals	-495,559
Cost at 31 December 2020	9,477,221
Depreciation and impairment losses at 1 January 2020	6,357,827
Depreciation	1,221,422
Depreciation disposal	-324,552
Depreciation and impairment losses at 31 December 2020	7,254,697
<b>Carrying amount at 31 December 2020</b>	<b>2,222,524</b>

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 9 Investments

DKK	Parent Company	
	2020	2019
<b>Equity investments in subsidiaries</b>		
Cost at 1 January	7,440,362	7,527,242
Additions	0	13,120
Disposals	0	-100,000
Cost at 31 December	7,440,362	7,440,362
Revaluations at 1 January	3,188,815	8,139,953
Other changes to equity	1,418,755	48,526
Foreign currency translation adjustment of foreign entities	-355,994	112,387
Net profit from equity investments	949,134	-391,809
Dividend relating to equity investments	-202,137	-4,720,242
Revaluations at 31 December	4,988,574	3,188,815
Depreciation and impairment losses at 1 January	-1,923,744	-1,513,595
Amortisation of goodwill	-318,302	-410,149
Depreciation and impairment losses at 31 December	-2,242,046	-1,923,744
<b>Carrying amount at 31 December</b>	<b>10,196,890</b>	<b>8,705,433</b>
Portion relating to the remaining balance (non-amortised goodwill)	143,321	502,001

Name/legal form	Registered office	Equity interest	Profit/loss for the year DKK	Equity DKK
Subsidiaries:				
Kraftvaerk A/S	Denmark	100%	1,631,573	9,845,702
Kraftvaerk Finland OY	Finland	100%	239,039	643,745
Kraftvaerk AB	Sweden	100%	-86,877	-17,889
Kraftvaerk LLC	Russia	100%	-74,695	880,979
Kraftvaerk FoodTech ApS	Denmark	100%	-759,906	-1,137,429
			949,134	10,215,108

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

DKK	Group		Parent Company	
	2020	2019	2020	2019
<b>10 Work in progress</b>				
Selling price of work performed	1,617,102	2,236,526	0	0
Progress billings	-1,516,761	-1,888,980	0	0
	<u>100,341</u>	<u>347,546</u>	<u>0</u>	<u>0</u>
Work in progress (assets)	1,617,102	2,236,526	0	0
Work in progress (liabilities)	-1,516,761	-1,888,980	0	0
	<u>100,341</u>	<u>347,546</u>	<u>0</u>	<u>0</u>
<b>11 Deferred tax</b>				
Deferred tax at 1 January	303,790	169,542	0	0
Deferred tax adjustment for the year in the income statement	-119,630	134,248	0	0
	<u>184,160</u>	<u>303,790</u>	<u>0</u>	<u>0</u>

### 12 Prepayments

Prepayments comprise prepayment of costs incurred in 2020 and amount to DKK 1,360,418 (31 December 2019: DKK 850,460).

### 13 Contributed capital

Share capital consists of 1.000,000 shares in denominations of DKK 1. No shares carry special rights.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 14 Non-current liabilities other than provisions

Non-current liabilities other than provisions can be specified as follows:

DKK	Parent Company	
	2020	2019
Payables to group entities:		
0-1 years	0	533,333
1-5 years	0	0
>5 years	0	0
Other payables:		
0-1 years	0	133,333
1-5 years	0	0
>5 years	0	0
<b>Total non-current liabilities other than provisions</b>	<b>0</b>	<b>666,666</b>

#### 15 Prepayments

Deferred income comprises payments received in 2020 and amount to DKK 1,649,162 (31 December 2019: DKK 1,346,706).

#### 16 Contingent liabilities

##### Group:

##### *Lease commitments:*

The Company has concluded lease agreements with terms to maturity of 9-12 months and average lease payments of DKK 27 thousand, a total of DKK 270 thousand.

The Company has concluded rental agreements which are irredeemable until 30 April 2021 and 31 October 2025, respectively. The remaining lease liability amounts to DKK 8,352 thousand.

##### Parent Company:

##### *Recourse guarantee commitments:*

The Company has provided a guarantee for Kraftvaerk A/S' debt to credit institutions. The guarantee covers a maximum of DKK 3,000 thousand.

##### *Other contingent liabilities*

The Company is jointly taxed with the other Danish companies in the group and is liable for income taxes on a pro rata basis and must comply with any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The maximum liability totals an amount corresponding to the share of the capital in the Company which is owned directly or indirectly by the ultimate parent.

The total tax liability for the jointly taxed companies at the balance sheet date has not yet been determined. For further information, see the financial statements of the managing company Bigsquid ApS.

## Consolidated financial statements and parent company financial statements 1 January – 31 December

### Notes

#### 17 Related parties

Kraftvaerk Group A/S' related parties comprise the following:

Kraftvaerk A/S  
Kraftvaerk Finland OY  
Kraftvaerk AB  
Kraftvaerk LLC  
Kraftvaerk FoodTech ApS  
Otto Andersen Holding ApS  
Bigsquid ApS

#### Control

Otto Andersen Holding ApS holds the majority of the contributed capital in the Company. Bigsquid ApS holds the majority of the contributed capital in Otto Andersen Holding ApS.

Kraftvaerk Group A/S is part of the consolidated financial statements of Bigsquid ApS. Bigsquid ApS are located at Bryghuspladsen 8, 5. 504, 1473 København K.

Bigsquid ApS are the smallest and largest groups, respectively, in which the Kraftvaerk Group A/S is included as a subsidiary.

The consolidated financial statements of Bigsquid ApS can be obtained by contacting the company at the above addresses.

#### Related party transactions

DKK	2020	2019
<b>Group</b>		
Sale of services to a group company	7,634,755	13,807,224
Purchase of services from a group company	-7,634,755	-13,807,224
	<u>0</u>	<u>0</u>
<b>Parent Company</b>		
Sale of services to a subsidiary	350,000	289,200
Purchase of services from a subsidiary	0	0
	<u>350,000</u>	<u>289,200</u>
<b>Total</b>	<u>350,000</u>	<u>289,200</u>

The Company's balances with group entities at 31 December 2020 are recognised in the balance sheet. Interest income and expenses with respect to the group entities are disclosed in note 3 and 4. Further balances with group entities comprise trade balances related to purchase and sale of services.