Kraftvaerk Group A/S

Prags Boulevard 80, 4.
2300 Copenhagen S
Denmark

CVR no. 33 63 91 04

Annual report 2021

The annual report was presented and approved at the Company's Annual General Meeting

on ______________________________ 2022

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Chairman of the Annual General Meeting

Contents

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 2021.

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 2021 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2021.

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, 31 May 2022
Executive Board:

Otto Andersen

Board of Directors:

Jens Pedersen	Jens Vasehus	Otto Andersen

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 2021, 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. 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 2021 and of the results of the Group's and the Parent Company's operations for the financial year 1 January – 31 December 2021 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 and the Parent 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.

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, 31 May 2022
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 Copenhagen S
Denmark

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

Board of Directors

Jens Pedersen
Jens Vasehus
Otto Andersen

Executive Board

Otto Andersen

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfaergevej 28
2100 Copenhagen
Denmark
CVR no. 25 57 81 98

Annual General Meeting

The Annual General Meeting will be held on 31 May 2022.

Management's review

Financial highlights for the Group

DKK'000	2021	2020	2019	2018	2017
Revenue	88,187	83,926	101,772	97,077	87,601
Gross profit/loss	70,832	66,589	85,441	80,906	72,557
Ordinary operating profit/loss	-2,679	1,124	2,026	5,476	11,225
Profit/loss from financial income and expenses	6,576	51	-24	366	-703
Profit/loss for the year	4,129	744	-809	1,930	6,267
Total assets	26,221	30,335	27,883	31,737	31,266
Investments in property, plant and equipment	1,907	2,223	2,652	3,314	3,779
Equity	11,888	7,695	7,307	10,003	13,162
Gross margin	80%	80%	84%	83%	83%
Solvency ratio	45%	25%	26%	32%	42%
Operating margin	-3%	1%	0%	3%	10%

Financial ratios are calculated in accordance with the guidelines "Recommendations & Ratios" issued by the Danish Society of Financial Analysts.

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 2021 shows a profit of DKK 4.129.197, against a profit of DKK 743.839 for the period 1 January – 31 December 2020. The balance sheet shows equity of DKK 11.887.811.

Management considers the result less satisfactory.

Events after the balance sheet date

The Russian invasion of Ukraine will have a yet not clear impact on the Company’s operation after the financial year-end. The effect is still unknown, but the Company has secured it capital resources.

Outlook

The operational uncertainties related to the current conflict in Ukraine makes it complex to forecast a result for 2022. Measures have been taken in order to a potential negative effect of the crisis. These measures make the Company’s Management believe that the result for 2022 will exceed the result for 2021 and revenue growth will again be back in a two digit format.

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.

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.

Management's review

Operating review

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 2022.

Environmental matters

The Company is not considered 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 2021	Group 2020	Parent Company 2021	Parent Company 2020
Revenue		88,186,787	83,925,721	0	0
Other income		0	0	410,004	350,000
Cost of sales		-3,733,993	-3,397,399	0	0
Other external expenses		-13,620,434	-13,938,884	-329,520	-229,904
Gross profit/loss		70,832,360	66,589,438	80,484	120,096
Staff cost	2	-72,305,020	-63,814,520	0	0
Depreciation, amortisation and impairment		-1,206,534	-1,651,007	0	0
Operating profit		-2,679,194	1,123,911	80,484	120,096
Income from equity investments in Group entities		0	0	4,170,477	949,134
Other financial income	3	6,779,008	276,887	39,876	88,433
Write-down of financial assets		0	0	-102,938	-318,296
Other financial expenses	4	-203,321	-226,044	-41,312	-155,996
Profit before tax		3,896,493	1,174,754	4,146,587	683,371
Tax on profit	5	232,704	-430,915	-17,390	-11,557
Profit for the year	6	4,129,197	743,839	4,129,197	671,814

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK	Note	2021	2020	2021	2020
ASSETS					
Fixed assets					
Intangible assets	7				
Completed development projects		0	111,300	0	0
Goodwill		0	143,321	0	0
		0	254,621	0	0
Property, plant and equipment	8				
Fixtures and fittings, tools and equipment		1,907,304	2,222,524	0	0
		1,907,304	2,222,524	0	0
Investments					
Equity investments in Group entities	9	0	0	6,505,296	10,196,899
Deposits		1,291,749	1,316,847	0	0
		1,291,749	1,316,847	6,505,296	10,196,899
Total fixed assets		3,199,053	3,793,992	6,505,296	10,196,899
Current assets					
Receivables					
Trade receivables		15,095,971	15,660,865	0	0
Work in progress	10	1,658,809	1,617,102	0	0
Receivables from Group entities		0	0	4,151,089	1,833,573
Deferred tax asset	11	309,285	184,161	0	0
Income tax receivable		486,311	409,753	0	11,403
Other receivables		6,693	53,208	0	0
Prepayments	12	1,390,730	1,360,418	0	0
		18,947,799	19,285,507	4,151,089	1,844,976
Cash at bank and in hand		4,074,234	7,255,044	1,410,155	431,772
Total current assets		23,022,033	26,540,551	5,561,243	2,276,748
TOTAL ASSETS		26,221,086	30,334,543	12,066,539	12,473,647

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Balance sheet

		Group		Parent Company	
DKK	Note	2021	2020	2021	2020
EQUITY AND LIABILITIES					
Equity					
Contributed capital	13	1,000,000	1,000,000	1,000,000	1,000,000
Net revaluation reserve according to equity method		0	0	814,929	2,756,527
Reserve for development costs		0	212,812	0	0
Reserve for currency revaluation		63,581	0	0	0
Retained earnings		8,824,230	6,482,221	8,072,882	3,938,506
Proposed dividends		2,000,000	0	2,000,000	0
Total equity		11,887,881	7,695,033	11,887,811	7,695,033
Provisions					
Provisions for pensions and similar liabilities		537,306	0	0	0
Total provisions		537,306	0	0	0
Liabilities other than provisions					
Non-current liabilities other than provisions	14				
Other payables		3,690,784	4,019,210	0	0
		3,690,784	4,019,210	0	0
Current liabilities other than provisions					
Prepayments received from work in progress	10	455,384	1,516,761	0	0
Prepayments from customers		625,761	1,948,120	0	0
Trade payables		1,843,271	2,159,994	0	0
Payables to Group entities		0	0	0	4,608,847
Other payables		7,180,769	11,346,263	178,728	169,767
Deferred income	15	0	1,649,162	0	0
		10,105,185	18,620,300	178,728	4,778,614
Total liabilities other than provisions		13,795,969	22,639,510	178,728	4,778,614
TOTAL EQUITY AND LIABILITIES		26,221,086	30,334,543	12,066,539	12,473,647

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Statement of changes in equity

Group

DKK	Contributed capital	Reserve for development costs	Reserve for currency	Retained earnings	Proposed dividend	Total
Equity at 1 January 2021	1,000,000	212,812	0	6,482,221	0	7,695,033
Total depreciation, amortisation, impairment	0	-212,812	0	212,812	0	0
Transferred over the profit appropriation	0	0	0	2,129,197	2,000,000	4,129,197
Exchange rate adjustment, foreign subsidiary	0	0	63,581	0	0	63,581
Equity at 31 December 2021	1,000,000	0	63,581	8,824,230	2,000,000	11,887,811

Parent Company

DKK	Contributed capital	Net revaluation according to the equity method	Retained earnings	Proposed dividend	Total equity
Equity at 1 January 2021	1,000,000	2,756,527	3,938,506	0	7,695,033
Transferred over the profit appropriation	0	-1,941,598	4,070,795	2,000,000	4,129,197
Exchange rate adjustment, foreign subsidiary	0	0	63,581	0	63,581
Equity at 31 December 2021	1,000,000	814,929	8,072,882	2,000,000	11,887,811

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 2021 has been prepared in accordance with the provisions applying to reporting class B, as opposed to class C (medium) in previous years.

Change of reporting class has not caused changes in accounting policies compared to previous years. The accounting policies applied, as described below, are consistent with those applied last year.

Changes to comparative figures

There have been minor reclassifications to the comparative figures in both the income statement and the balance sheet. The changes do not have an impact on the result of the year.

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, advertising, administration, premises and bad debts to the extent that these do not exceed normal write-downs.

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.

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)

Property, plant and equipment (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 Company 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.

Currency reserve

The foreign currency translation reserve comprises the portion of exchange differences arising on the accounts of entities with a functional currency other than Danish kroner, foreign currency translation adjustments relating to assets and liabilities that form part of the entity's net investment in such entities, and foreign currency translation adjustments relating to hedging transactions that hedge the entity's net investment in such entities. The reserve is released on disposal of foreign entities or if the conditions for effective hedging are no longer met. When investments in associates, joint ventures and interests in the Parent entity's financial statements are included in the equity reserve for net revaluation using the equity method, foreign currency translation adjustments are included in this equity reserve instead.

Consolidated financial statements and Parent Company financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

Current tax payables and receivables are recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on 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 revenue in subsequent years.

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2 Staff costs and incentive schemes

	Group		Parent Company	
DKK	2021	2020	2021	2020
Wages and salaries	65,028,355	56,976,048	0	0
Pensions	6,189,573	5,912,394	0	0
Other social security costs	1,087,092	926,078	0	0
	72,305,020	63,814,520	0	0
Average number of full-time employees	109	114	0	0

Pursuant to section 98B(3) of the Danish Financial Statements Act, remuneration to the Executive Board and the Board of Directors is not disclosed.

	Group		Parent Company	
DKK	2021	2020	2021	2020

3 Financial income

Interest income from Group entities	0	0	39,876	88,433
Foreign exchange gains	0	276,750	0	0
Other interest income	0	137	0	0
Other financial income	6,779,008	0	0	0
	6,779,008	276,887	39,876	88,433

4 Financial expenses

Interest expense to Group entities	0	0	-32,989	-151,363
Other interest expense	-203,321	-226,044	-8,323	-4,633
	-203,321	-226,044	-41,312	-155,996

5 Tax on profit for the year

Current tax for the year	-23,033	-311,285	-17,390	11,557
Deferred tax adjustment for the year	254,529	-119,630	0	0
Adjustment of tax previous years	1,208	0	0	0
	232,704	-430,915	-17,390	11,557

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	Group		Parent Company	
DKK	2021	2020	2021	2020
6 Proposed profit appropriation				
Proposed dividend for the financial year	2,000,000	0	2,000,000	0
Reserve for net revaluation according to the equity method	0	0	-1,941,598	949,134
Retained earnings	2,129,197	743,839	4,070,795	-277,320
	4,129,197	743,839	4,129,197	671,814

7 Intangible assets

	Group		
DKK	Completed develop-ment projects	Goodwill	Total
Cost at 1 January 2021	2,682,458	1,675,735	4,358,193
Disposals	-883,758	0	-883,758
Cost at 31 December 2021	1,798,700	1,675,735	3,474,435
Amortisation and impairment losses at 1 January 2021	-2,571,158	-1,532,414	-4,103,572
Amortisation	-51,156	-143,321	-194,477
Amortisation disposal	823,614	0	823,614
Amortisation and impairment losses at 31 December 2021	-1,798,700	-1,675,735	-3,474,435
Carrying amount at 31 December 2021	0	0	0

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8 Property, plant and equipment

DKK	Group Fixtures and fittings, tools and equipment
Cost at 1 January 2021	9,477,221
Additions	741,296
Disposals	-112,630
Cost at 31 December 2021	10,105,887
Depreciation and impairment losses at 1 January 2021	-7,254,697
Depreciation	-1,012,055
Depreciation disposal	68,169
Depreciation and impairment losses at 31 December 2021	-8,198,584
Carrying amount at 31 December 2021	1,907,304

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9 Investments

	Parent Company	
DKK	2021	2020
Equity investments in subsidiaries		
Cost at 1 January	7,440,362	7,440,362
Additions	0	0
Disposals	-1,750,000	0
Cost at 31 December	5,960,362	7,440,362
Revaluations at 1 January	4,998,572	3,188,815
Other changes to equity	0	1,418,765
Foreign currency translation adjustment of foreign entities	63,582	-355,994
Net profit from equity investments	-2,598,122	949,134
Dividend relating to equity investments	-3,872,687	-202,137
Revaluations disposal	3,216,139	0
Revaluations at 31 December	1,807,484	4,998,583
Depreciation and impairment losses at 1 January	-2,242,046	-1,923,744
Amortisation of goodwill	0	-318,302
Amortisation disposal	1,249,496	0
Depreciation and impairment losses at 31 December	-992,550	-2,242,046
Carrying amount at 31 December	6,505,296	10,196,899
Portion relating to the remaining balance (non-amortised goodwill)	0	143,321

Name/legal form	Registered office	Equity interest
Subsidiaries:		
Kraftvaerk A/S	Denmark	100%
Kraftvaerk Finland OY	Finland	100%
Kraftvaerk AB	Sweden	100%
Kraftvaerk LLC	Russia	100%
Kraftvaerk FoodTech ApS	Denmark	100%*

**) sold during 2021*

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		Group		Parent Company	
	DKK	2021	2020	2021	2020
10	**Work in progress**				
	Selling price of work performed	1,872,490	1,617,102	0	0
	Progress billings	-669,065	-1,516,761	0	0
		1,203,425	100,341	0	0
	Work in progress (assets)	1,658,809	1,617,102	0	0
	Work in progress (liabilities)	-455,384	-1,516,761	0	0
		1,203,425	100,341	0	0
11	**Deferred tax**				
	Deferred tax at 1 January	184,160	303,791	0	0
	Deferred tax from sale	-113,221	0	0	0
	Deferred tax adjustment for the year in the income statement	255,736	-119,630	0	0
		326,675	184,161	0	0

12 Prepayments

Prepayments comprise prepayment of costs incurred in 2021 and amount to DKK 1,391 thousand (31 December 2020: DKK 1,360 thousand).

13 Contributed capital

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

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14 Non-current liabilities other than provisions

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

	Group	
DKK	2021	2020
Other payables:		
>5 years	3,690,784	4,019,210
Total non-current liabilities other than provisions	3,690,784	4,019,210

15 Prepayments

Deferred income comprises payments received in 2021 and amounts to DKK 0 (31 December 2020: DKK 1,649,162).

16 Contingent liabilities

Group:

Lease commitments:

The Company has concluded lease agreements with terms to maturity of 10 months and average lease payments of DKK 24 thousand, a total of DKK 240 thousand (2020: DKK 270 thousand).

The Company has concluded rental agreements which are irredeemable until 31 October 2025. The remaining lease liability amounts to DKK 7,072 thousand (2020: 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.

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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.

Kraftvaerk Group A/S is part of the Consolidated financial statements of Otto Andersen Holding ApS and the Consolidated financial statements of Bigsquid ApS. Both companies are located at Bryghuspladsen 8, 5. 504, 1473 København K.

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

The Consolidated financial statements of Otto Andersen Holding ApS and the Consolidated financial statements of Bigsquid ApS can be obtained by contacting the companies at the above addresses.

Related party transactions

DKK	2021	2020
Group		
Sale of services to a Group company	7,092,052	7,634,755
Purchase of services from a Group company	-7,092,052	-7,634,755
	0	0
Parent Company		
Management fee to subsidiary	410,004	350,000
Purchase of services from a subsidiary	0	0
	410,004	350,000
Total	410,004	350,000

Remuneration to the Parent Company's Executive Board and Board of Directors is disclosed in note 2.

The Company's balances with Group entities at 31 December 2021 are recognised in the balance sheet. Interest income and expenses in respect of the Group entities are disclosed in notes 3 and 4. Furthermore, balances with Group entities comprise trade balances related to purchase and sale of services.