GreenGo Energy A/S

Frydenlundsvej 30, DK-2950 Vedbæk

Annual Report for 2022

CVR No. 34 88 46 41

The Annual Report was presented and adopted at the Annual General Meeting of the company on 26/4 2023

Karsten Nielsen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Financial Statements of GreenGo Energy A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and of the results of the Company operations for 2022.

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

We recommend that the Financial Statements be adopted at the Annual General Meeting.

Vedbæk, 26 April 2023

Executive Board

Karsten Nielsen
CEO

Board of Directors

Jan Henrik Christiansen Chairman	Morten Skovfoged Tinggaard Vice chairman	Annemette Færch
Karsten Nielsen	Pernille Fabricius	

Independent Auditor's report

To the shareholder of GreenGo Energy A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company´s operations for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of GreenGo Energy A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies (”the Financial Statements”).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the ”Auditor’s responsibilities for the audit of the Financial Statements” section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management’s Review

Management is responsible for Management’s Review.

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

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

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

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

Management’s responsibilities for the Financial Statements

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

In preparing the Financial Statements, Management is responsible for assessing the Company´s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Financial Statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Independent Auditor's report

Auditor’s responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company´s internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management’s use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company´s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 26 April 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Niels Henrik B. Mikkelsen
State Authorised Public Accountant
mne16675

Martin Birch
State Authorised Public Accountant
mne42825

Company information

The Company	GreenGo Energy A/S Frydenlundsvej 30 DK-2950 Vedbæk Telephone: 4577348532 Website: Greengoenergy.dk CVR No: 34 88 46 41 Financial period: 1 January - 31 December Incorporated: 12 December 2012 Financial year: 10th financial year Municipality of reg. office: Rudersdal
Board of Directors	Jan Henrik Christiansen, chairman Morten Skovfoged Tinggaard, vice chairman Annemette Færch Karsten Nielsen Pernille Fabricius
Executive board	Karsten Nielsen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 2900 Hellerup
Bankers	Sydbank Kgs. Nytorv 30 1050 København K

Financial Highlights

Seen over a 2-year period, the development of the Company is described by the following financial highlights:

	2022	2021
	TDKK	TDKK
Key figures		
Profit/loss		
Gross profit/loss	46,326	53,081
Profit/loss of ordinary primary operations	28,619	43,966
Profit/loss before financial income and expenses	28,619	43,966
Profit/loss of financial income and expenses	-2,552	-1,502
Net profit/loss	20,413	33,519
Balance sheet		
Balance sheet total	246,574	200,709
Investment in property, plant and equipment	44	0
Equity	115,881	95,468
Number of employees	21	12
Ratios		
Return on assets	11.6%	21.9%
Solvency ratio	47.0%	47.6%
Return on equity	19.3%	70.2%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, refer to the accounting policies.

From 2022, the Company has changed reporting class and therefore financial highlights for two years has been prepared.

Management's review

Key activities

GreenGo Energy A/S provides development, installation and operation of solar systems for businesses and investors.

Development in the year

The income statement of the Company for 2022 shows a profit of DKK 20,412,976, and at 31 December 2022 the balance sheet of the Company shows positive equity of DKK 115,881,468. The income statement of Company for 2022 shows an EBITDA of MDKK 26 or a 39% decrease compared to last year and the expectations for the year. The decrease is due to investments in staff as well as an impairment on one project.

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

2022 was a transformative year for GreenGo Energy, where we have generated a solid positive cashflow, despite significant market uncertainty based on supply chain turbulence, energy crisis and the impacts of the grim war in Europe.

We successfully implemented our transformation to continuing being the focused solar PV service provider we are, and also embracing the role as renewable energy solutions provider focusing on broader enhancement of the instrumental energy transformation technologies; Solar PV, wind energy, storage, and P2X/Hydrogen solutions.

The transformation was successfully kicked off by the launch of the Megaton project as a new product platform. Megaton-I in Ringkøbing-Skjern municipality in Denmark will be one of the world's largest integrated green energy parks based on 4GW of hybrid wind/solar generation and 2GW of electrolysis enabling up to 1 million tons of green fuels annually. The new product platform enables GreenGo Energy to drive the energy transformation in full in our key markets, and will provide a significant growth platform going forward.

Globally, through 2022 the energy transformation accelerated further by strengthened NetZero and Paris agreement commitments at Governments and in most industries. The demand for solar and wind generation towards 2050 is expected to be 30-40TW to implement NetZero in all key sectors (transport, buildings/heating, manufacturing) or more than 15 times compared to the current installed capacity globally.

Throughout 2022 the Hydrogen economy also became real, with significant investments and commitments to decarbonize, this now also among key oil majors.

In 2022, construction of the four projects commenced in Ringkøbing-Skjern, Lemvig and Fjerritslev, and Odense municipalities with a total capacity of 120MW.

During the year, the on-shore solar and wind project pipeline in Denmark increased to 5GW or 10.000 hectares in development. At the same time, we had good progress in advancing the contracted pipeline with 500MW achieving municipality approval with zoning permits, and an additional 140MW reaching ready to build status.

For Denmark we signed a new 1GW partnership agreement with a Tier1 investment group within the renewable sector. Partnership agreement volume in Denmark thereby reached a total of 2.3GW by the end of 2022.

A significant strategic development was the 4GW Megaton Energy Park with the vision of creating a green energy park based on fully integrated solar, on-shore wind, offshore wind and electrolysis at GW scale, enabling the lowest cost of green fuels in Denmark and Northern Europe. This landmark project for Denmark, which will generate 11.5TWh of renewable energy on the west coast of Jutland and produce 1 million ton of green energy, was launched in a co-operation with Ringkøbing-Skjern municipality in January 2023.

Management's review

Capital resources

The Group's capital resources have developed very satisfactorily during the year. Total working capital increased with MDKK 26, which reflects the strong progress in project development and the new partner contracts compared to last year, and follows the expectations of the management.

Development in working capital, which predominantly consists of project work in progress followed the activity growth of the Group and showed MDKK 220 (2021: MDKK 187).

As a consequence of the above, the Group's cash flow in 2022 showed a positive operational cash flow. Cash and cash equivalents was during 2022 strengthened to MDKK 75 at year end (2021: MDKK 14).

Targets and expectations for the year ahead

In total, the GreenGo Energy A/S now has a project pipeline of 20GW of solar, wind and P2X projects in various development stages and construction.

Based on this foundation Management looks at 2023 as a year with broad expansion of our development pipeline and contracted pipeline with partners, and with strong focus on contract execution with development and construction of projects on behalf of our existing partners.

Management expects the newly established Megaton product platform to contribute with significant growth going forward from 2024 and beyond.

Financial results for 2023 will be affected by investments in the project portfolio, significant organizational investments, but also potential delays and market uncertainties which can have a significant impact.

On this basis, management expects earnings (EBITDA) in the range of MDKK 55-110 for 2023.

The range reflects the continued uncertainties driven by the current market situation with the supply chains still not stable, potential regulatory changes, geopolitical instability, and the usual uncertainties on 3rd party delays in permitting and grid connection processes.

External environment

GreenGo Energy is built around technology and have a strong passion for leading the energy transformation on a grand scale for the benefit of the climate.

The mark to the external environment is remarkable, and when commissioned, our current contracted portfolio will impact the climate by a yearly savings of 1.5 million tons of CO_2 and produce 5 TWh (terawatt hours) of green energy, similar to the electricity consumption of 1.2 million homes.

Intellectual capital resources

The most important knowledge resources are related to competencies within engineering and devlopment of solar projects.

Uncertainty relating to recognition and measurement

Recognition and measurement in the Annual Report have been subject to uncertainty relating to work in progress. See note 1 for a description of this.

Unusual events

The financial position at 31 December 2022 of the Company and the results of the activities and cash flows of the Company for the financial year for 2022 have not been affected by any unusual events.

Management's review

Subsequent events

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

Income statement 1 January - 31 December

	Note	2022	2021
		DKK	DKK
Gross profit		**46,326,304**	**53,080,540**
Staff expenses	2	-17,672,862	-9,088,626
Depreciation and impairment losses of property, plant and equipment		-34,559	-25,957
Profit/loss before financial income and expenses		**28,618,883**	**43,965,957**
Income from investments in subsidiaries		182,843	148,816
Financial income	3	714,871	548,266
Financial expenses	4	-3,449,361	-2,198,680
Profit/loss before tax		**26,067,236**	**42,464,359**
Tax on profit/loss for the year	5	-5,654,260	-8,945,749
Net profit/loss for the year	6	**20,412,976**	**33,518,610**

Balance sheet 31 December

Assets

	Note	2022	2021
		DKK	DKK
Goodwill		0	0
Development projects in progress		0	0
Intangible assets	7	**0**	**0**
Other fixtures and fittings, tools and equipment		47,094	37,418
Property, plant and equipment	8	**47,094**	**37,418**
Investments in subsidiaries	9	1,061,038	878,195
Deposits		94,763	94,763
Fixed asset investments		**1,155,801**	**972,958**
Fixed assets		**1,202,895**	**1,010,376**
Trade receivables		26,861	0
Contract work in progress	10	168,047,370	184,653,723
Receivables from group enterprises		7,777,907	3,337,348
Prepayments	11	255,659	361,895
Receivables		**176,107,797**	**188,352,966**
Cash at bank and in hand		**69,263,054**	**11,345,500**
Current assets		**245,370,851**	**199,698,466**
Assets		**246,573,746**	**200,708,842**

Balance sheet 31 December

Liabilities and equity

	Note	2022	2021
		DKK	DKK
Share capital		559,980	559,980
Retained earnings		115,321,488	94,908,512
Equity		**115,881,468**	**95,468,492**
Provision for deferred tax		24,932,610	19,278,350
Other provisions		1,735,000	1,735,000
Provisions		**26,667,610**	**21,013,350**
Other payables		0	212,833
Long-term debt	12	**0**	**212,833**
Trade payables		20,416,636	12,751,450
Payables to group enterprises		65,542,185	64,822,593
Other payables	12	18,065,847	6,440,124
Short-term debt		**104,024,668**	**84,014,167**
Debt		**104,024,668**	**84,227,000**
Liabilities and equity		**246,573,746**	**200,708,842**

Uncertainty relating to recognition and measurement	1
Contingent assets, liabilities and other financial obligations	13
Related parties	14
Accounting Policies	15

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	559,980	94,908,512	95,468,492
Net profit/loss for the year	0	20,412,976	20,412,976
Equity at 31 December	**559,980**	**115,321,488**	**115,881,468**

Notes to the Financial Statements

1. Uncertainty relating to recognition and measurement

Contract work in progress

The Company recognizes and measures work in progress related to the design and development of the solar plants based on an estimated completion rate, which the management assesses best reflects the value-added of the company's deliveries to clients based on the entered contracts.

The completion rate estimate is based on project progress according to established assumptions, and the estimate depends on a number of prerequisites and assumptions about the future. In addition, the estimate includes assumptions for the future operational returns of the developed solar projects.

The use of estimates in determining the value of the company's services means that there is some uncertainty associated with this calculation. The uncertainty is partly due to contractual conditions and partly to market-specific conditions. Both can have a bearing on the final settlement to the company, both in relation to the amount of the final settlement and the time at which the value can be finally determined.

Management has chosen to manage this risk by maintaining ongoing contact with clients as well as for selected projects to involve experts in assessing the state of the projects.

The value of the recognised variable fees is determined based project specific milestones as well as macroeconomic conditions, which can be negatively impacted.

	2022	2021
	DKK	DKK

2. Staff Expenses

Wages and salaries	17,499,907	8,988,359
Other social security expenses	172,955	100,267
	17,672,862	**9,088,626**

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

Average number of employees	**21**	**12**

	2022	2021
	DKK	DKK

3. Financial income

Interest received from group enterprises	680,734	143,082
Other financial income	34,137	3
Exchange adjustments	0	405,181
	714,871	**548,266**

Notes to the Financial Statements

4. Financial expenses

	2022	2021
	DKK	DKK
Interest paid to group enterprises	2,033,405	1,954,415
Other financial expenses	906,310	244,265
Exchange adjustments, expenses	509,646	0
	3,449,361	**2,198,680**

5. Income tax expense

	2022	2021
	DKK	DKK
Deferred tax for the year	5,654,260	8,945,749
	5,654,260	**8,945,749**

6. Profit allocation

	2022	2021
	DKK	DKK
Retained earnings	20,412,976	33,518,610
	20,412,976	**33,518,610**

Notes to the Financial Statements

7. Intangible fixed assets

	Goodwill	Development projects in progress
	DKK	DKK
Cost at 1 January	80,000	10,329,632
Cost at 31 December	80,000	10,329,632
Impairment losses and amortisation at 1 January	80,000	10,329,632
Impairment losses and amortisation at 31 December	80,000	10,329,632
Carrying amount at 31 December	**0**	**0**
Amortised over	5 years	

Development projects relate to the development of GoSense operating technology to improve and enhance the Company's operation of solar systems. The project is not finished and the booked value of the project have been impaired to DKK 0.
The Company's development project have been funded by government grants. All received grants have been recognized in the income statement in prior financial years.

8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	545,753
Additions for the year	44,235
Cost at 31 December	589,988
Impairment losses and depreciation at 1 January	508,335
Depreciation for the year	34,559
Impairment losses and depreciation at 31 December	542,894
Carrying amount at 31 December	**47,094**
Amortised over	3-5 years

Notes to the Financial Statements

	2022	2021
	DKK	DKK

9. Investments in subsidiaries

	2022	2021
Cost at 1 January	6,736,535	6,736,535
Cost at 31 December	6,736,535	6,736,535
Value adjustments at 1 January	-5,858,340	-6,007,156
Net profit/loss for the year	182,843	148,816
Value adjustments at 31 December	-5,675,497	-5,858,340
Carrying amount at 31 December	**1,061,038**	**878,195**

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Share capital	Ownership
GGE ApS	Vedbæk	DKK 80.000	100%
Mermaid Holdco I LP ApS	Vedbæk	DKK 40.000	100%

	2022	2021
	DKK	DKK

10. Contract work in progress

	2022	2021
Selling price of work in progress	360,264,832	243,266,568
Payments received on account	-192,217,462	-58,612,845
	168,047,370	**184,653,723**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	168,047,370	184,653,723
	168,047,370	**184,653,723**

With reference to the disclosure in note 1, there is uncertainty relating to when payments from contract work in progress are due as it depends on the progress of the ongoing projects. Is it Management's assessment that mDKK 126,6 are due within 1 year.

11. Prepayments

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

Notes to the Financial Statements

12. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.

The debt falls due for payment as specified below:

	2022	2021
	DKK	DKK
Other payables		
After 5 years	0	0
Between 1 and 5 years	0	212,833
Long-term part	0	212,833
Within 1 year	0	0
Other short-term payables	18,065,847	6,440,124
	18,065,847	**6,652,957**

	2022	2021
	DKK	DKK

13. Contingent assets, liabilities and other financial obligations

Charges and security

The following assets have been placed as security with bankers:		
All assets and receivables (virksomhedspant)	3,000,000	3,000,000
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	54,000	18,144
Between 1 and 5 years	99,000	0
	153,000	**18,144**

Other contingent liabilities

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

Notes to the Financial Statements

14. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
GreenGo Energy Group A/S	Parent Company

Transactions

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

Consolidated Financial Statements

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

Name	Place of registered office
GreenGo Energy Group A/S	Vedbæk

Notes to the Financial Statements

15. Accounting policies

The Annual Report of GreenGo Energy A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2022 are presented in DKK.

Consolidated financial statements

With reference to section 112 of the Danish Financial Statements Act and to the consolidated financial statements for 2022 of GreenGo Energy Group A/S, the Company has not prepared consolidated financial statements.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of GreenGo Energy Group A/S, the Company has not prepared a cash flow statement.

Recognition and measurement

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

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

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

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

Leases

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

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

Income statement

Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

Direct expenses

Direct expenses primarily include operating expenses for the year.

Other external expenses

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

Gross profit

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

Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees. The item is net of refunds made by public authorities.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

Income from investments in subsidiaries

The item “Income from investments in subsidiaries” in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

Tax on profit/loss for the year

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

Notes to the Financial Statements

The Company is jointly taxed with 100% ejede danske dattervirksomheder samt moderselskabet. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

Intangible fixed assets

Property, plant and equipment

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

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

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

Other fixtures and fittings, tools and equipment	5 years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

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

If so, the asset is written down to its lower recoverable amount.

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

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

Notes to the Financial Statements

Contract work in progress

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

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

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

Prepayments

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

Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

Other provisions include warranty obligations in respect of repair work within the warranty period of 1-5 years. Provisions are measured and recognised based on experience with guarantee work.

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

Financial debts

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Return on assets	Profit before financials x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Return on equity	Net profit for the year x 100 / Average equity