

Citelum Denmark A/S

Jernholmen 43-47, 2650 Hvidovre

CVR no. 35 40 45 46

Annual report 2021

Approved at the Company's annual general meeting on 25 March 2022

Chair of the meeting:

A handwritten signature in blue ink, consisting of several overlapping horizontal strokes and a central vertical stroke, positioned above a dotted line.

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of Citelum Denmark A/S for the financial year 1 January - 31 December 2021.

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 of the Company at 31 December 2021 and of the results of the Company's operations and cash flows 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 Company's operations and financial matters and the results of the Company's operations and financial position.

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

Copenhagen, 25 March 2022

Executive Board:



Henrik Rasmussen

Board of Directors:



Claire Marie Paule Elisabeth
Francois



Xavier Marie Francois
Mareschal de Charentenay



Jean-Daniel Le Gall

Independent auditor's report

To the shareholders of Citelum Denmark A/S

Opinion

We have audited the financial statements of Citelum Denmark A/S for the financial year 1 January - 31 December 2021, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2021, and of the results of the Company's operations as well as the cash flows 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 financial statements" section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' 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.

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.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to 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 the 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 skepticism 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.

Independent auditor's report

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 note 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.

Statement on the Management's review

Management is responsible for the Management's review.

Our opinion on the 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 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 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.

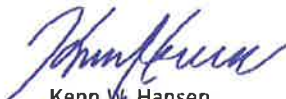
Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 25 March 2022

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98



Kenn W. Hansen

State Authorised Public Accountant

mne30154

Management's review

Company details

Name	Citelum Denmark A/S
Address, Postal code, City	Jernholmen 43-47, 2650 Hvidovre
CVR no.	35 40 45 46
Established	19 July 2013
Registered office	Hvidovre
Financial year	1 January - 31 December
Website	www.citelum.dk
Telephone	+45 32 64 10 00
Board of Directors	Claire Marie-Paule Elisabeth Francois Xavier Marie Francois Mareschal de Charentenay Jean-Daniel Le Gall
Executive Board	Henrik Rasmussen
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 Copenhagen

Management's review

Financial highlights

DKK'000	2021	2020	2019	2018	2017
Key figures					
Revenue	100,522	97,297	85,774	67,534	64,717
Gross profit	32,967	35,146	31,921	24,104	13,193
Profit before interest and tax (EBIT)	4,256	9,215	8,249	2,020	-9,594
Net financials	-400	-263	-240	-462	-552
Profit for the year	2,962	9,195	9,463	2,186	-10,146
Total assets					
Equity	68,058	65,572	54,300	43,086	39,896
	36,208	33,247	24,052	14,588	12,402
Amount relating to investments in property, plant and equipment					
	-378	-1,588	-738	-1,137	-26
Financial ratios					
Operating margin	4.2%	9.5%	9.6%	3.0%	-14.8%
Gross margin	32.8%	36.1%	37.2%	35.7%	20.4%
Equity ratio	53.2%	50.7%	44.3%	33.9%	31.1%
Return on equity	8.5%	32.1%	49.0%	16.2%	-84.7%
Average number of full-time employees					
	62	54	46	43	48

Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

The main activity of the Company is to establish and handle the operation and maintenance of electrical installations in the urban environment, such as street lighting, traffic signals and other smart city infrastructure.

The Company has been present in the Danish market since 2013 after winning a long-term contract to rebuild and then maintain much of the street lighting infrastructure in Copenhagen.

Building on the Copenhagen contract, the Company has expanded its operations, such that at the end of 2019 it is currently providing operation and maintenance of street lighting infrastructure for 9 Danish Municipalities, in many cases using the MUSE asset management software platform provided by Citegestion, which like Citelum Denmark is a subsidiary of Citelum S.A

In addition, every year the company undertakes many projects to renew and build new street lighting infrastructure for Municipalities and private sector clients and has also engaged in traffic signal related projects.

Financial review

In 2021, the Company's revenue came in at DKK 100,522 thousand. The income statement for 2021 shows a profit of DKK 2,962 thousand, and the balance sheet at 31 December 2021 shows equity of DKK 36,208 thousand.

In management's view the Company's financial performance of 2021 has been impacted by COVID-19 crisis. After very good results in 2020, 2021 operations were hit with delay by COVID effects. This related mainly to delays in projects realization due to shortages in materials supply, as well as limitations in vandalism cases due to multiple lock downs. In this environment, we still hold fair profitability ratios, recorded record sales numbers and have a strong backlog of approved jobs to be completed in 2022. Very strict measures applied to working capital management resulted in strong operational cash flows and outstanding cash position at the end of the year.

Knowledge resources

Citelum Denmark's workforce includes a large number of Technicians / Electricians trained to work on outdoor electrical and traffic installations, a growing number of technically skilled Project Managers, plus Management and Administrative staff. During 2021, the Company has been employing specialized Traffic technicians to fulfil contractual obligations in this business area.

Financial risks and use of financial instruments

Potential risks of our business are directly resulting from global tensions related to COVID pandemic and Ukrainian war. Both factors have contributed to instability of prices and bottlenecks in supply chains. Additionally, significant inflationary pressure stemming from expansive monetary policies of central banks across Europe, as well as energy crisis in the world led to increased costs of commodities, transportation fees and cost of labor. All the above put some pressures on profitability of the business and curbing its smooth development.

Research and development activities

Company focuses on development of its core activities relating to Operations and Maintenance of street lighting facilities. We invest in sales efforts to accommodate development in terms of renewal of street luminaires into LED, contributing to CO2 neutrality of Danish leading municipalities. We continue to develop our partnerships within intelligent IoT communication platforms developers, aggregating best possible solutions to the benefit of our clients.

Events after the balance sheet date

No events occurred after the balance sheet date that significantly affect the financial position of the company.

Management's review

Outlook

In 2022 Management is aiming to further increase the number of Operation & Maintenance contracts and projects to build and renew assets primarily in street lighting. In addition, we continue our efforts to further optimize processes and use of systems to reduce costs and increase efficiency.

We look positive into 2022 in terms of COVID-19 effects, where supply chains might become more relieved. The market outlook is still very positive with good demand for the products and services offered by Citelum, especially in relation to initiatives of decarbonization and digitalization of public infrastructure.

We plan to grow out sales further beyond 100m DKK mark and record net profitability in the range of 3-5% of sales.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2021	2020
	Revenue	100,521,996	97,296,861
	Cost of sales	-56,754,747	-51,655,850
	Other operating income	40,356	75,000
	Other external expenses	-10,840,312	-10,570,309
	Gross profit	32,967,293	35,145,702
2	Staff costs	-26,880,337	-24,227,330
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,830,849	-1,703,781
	Profit before net financials	4,256,107	9,214,591
3	Financial income	14,910	36,532
4	Financial expenses	-414,422	-299,204
	Profit before tax	3,856,595	8,951,919
5	Tax for the year	-894,935	243,388
	Profit for the year	2,961,660	9,195,307

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2021</u>	<u>2020</u>
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	1,689,033	2,484,997
		<u>1,689,033</u>	<u>2,484,997</u>
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	1,184,065	1,925,621
		<u>1,184,065</u>	<u>1,925,621</u>
	Total fixed assets	<u>2,873,098</u>	<u>4,410,618</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	7,012,248	6,401,834
		<u>7,012,248</u>	<u>6,401,834</u>
	Receivables		
	Trade receivables	15,180,320	21,302,226
8	Work in progress for third parties	9,148,381	9,562,810
9	Deferred tax assets	1,769,059	2,663,994
	Income taxes receivable	38,000	0
	Other receivables	445,382	406,082
10	Prepayments	669,365	878,146
		<u>27,250,507</u>	<u>34,813,258</u>
	Cash	<u>30,922,588</u>	<u>19,946,028</u>
	Total non-fixed assets	<u>65,185,343</u>	<u>61,161,120</u>
	TOTAL ASSETS	<u>68,058,441</u>	<u>65,571,738</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2021	2020
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	2,500,000	2,500,000
	Retained earnings	33,708,485	30,746,825
	Total equity	<u>36,208,485</u>	<u>33,246,825</u>
	Liabilities other than provisions		
12	Non-current liabilities other than provisions		
	Other payables	1,455,587	1,432,434
		<u>1,455,587</u>	<u>1,432,434</u>
	Current liabilities other than provisions		
8	Work in progress for third parties	8,652,023	6,090,308
	Trade payables	11,433,405	13,097,825
	Payables to group entities	3,131,048	3,630,479
	Income taxes payable	0	100,606
	Other payables	7,177,893	6,236,287
	Deferred income	0	1,736,974
		<u>30,394,369</u>	<u>30,892,479</u>
	Total liabilities other than provisions	<u>31,849,956</u>	<u>32,324,913</u>
	TOTAL EQUITY AND LIABILITIES	<u>68,058,441</u>	<u>65,571,738</u>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Total
	Equity at 1 January 2020	2,500,000	21,551,518	24,051,518
16	Transfer, see "Appropriation of profit"	0	9,195,307	9,195,307
	Equity at 1 January 2021	2,500,000	30,746,825	33,246,825
16	Transfer, see "Appropriation of profit"	0	2,961,660	2,961,660
	Equity at 31 December 2021	2,500,000	33,708,485	36,208,485

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK	2021	2020
	Profit for the year	2,961,660	9,195,307
17	Adjustments	3,084,940	1,648,065
	Cash generated from operations (operating activities)	6,046,600	10,843,372
18	Changes in working capital	6,415,233	-2,897,130
	Cash generated from operations (operating activities)	12,461,833	7,946,242
	Interest received, etc.	14,910	36,532
	Interest paid, etc.	-373,898	-299,204
	Income taxes paid	-373,881	0
	Cash flows from operating activities	11,728,964	7,683,570
	Additions of property, plant and equipment	-377,973	-1,588,288
	Disposals of property, plant and equipment	125,000	75,450
	Cash flows to Investing activities	-252,973	-1,512,838
	Repayments, borrowings from group enterprises	-499,431	-2,893,896
	Cash flows from financing activities	-499,431	-2,893,896
	Net cash flow	10,976,560	3,276,836
	Cash and cash equivalents at 1 January	19,946,028	16,669,192
19	Cash and cash equivalents at 31 December	30,922,588	19,946,028

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of Citelum Denmark A/S for 2021 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate 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 and payables and other monetary items denominated in foreign currencies are translated at the exchange rate 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 most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from the sale of electrical installations, etc. is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

Other external expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation, which is calculated as cost less any residual value, is amortised on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Acquired intangible assets	4-11 years
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The amortisation period for intangible assets exceeds 5 years as the economic life of the asset complies with the term of the underlying contract.

The basis of depreciation, which is calculated as cost less any residual value, is depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Other fixtures and fittings, tools and equipment	2-5 years
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Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets include other acquired intangible rights.

On initial recognition, other intangible assets are measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

The basis of amortisation is calculated taking into consideration any residual value of the asset and is reduced by impairment losses, if any. The amortisation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on amortisation is recognised in future as a change in accounting estimates.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

The basis of depreciation is calculated taking into consideration any residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on depreciation is recognised in future as a change in accounting estimates.

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

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

The Company has chosen IAS 39 as interpretation for impairment of financial receivables.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate for the individual receivable or portfolio is used as discount rate.

Work in progress for third parties

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprise cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Equity

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to 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. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	2021	2020
2 Staff costs		
Wages/salaries	36,210,859	31,190,209
Pensions	2,950,922	2,306,274
Other social security costs	140,561	116,135
Other staff costs	1,998,050	2,076,576
Staff costs transferred to cost of sales	-14,420,055	-11,461,864
	<u>26,880,337</u>	<u>24,227,330</u>
Average number of full-time employees	<u>62</u>	<u>54</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
3 Financial income		
Other financial income	14,910	36,532
	<u>14,910</u>	<u>36,532</u>
4 Financial expenses		
Interest expenses, group entities	36,101	62,868
Other financial expenses	378,321	236,336
	<u>414,422</u>	<u>299,204</u>
5 Tax for the year		
Tax charge for the year	0	100,606
Deferred tax adjustments in the year	894,935	-343,994
	<u>894,935</u>	<u>-243,388</u>

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6 Intangible assets

DKK	<u>Acquired intangible assets</u>
Cost at 1 January 2021	6,516,895
Cost at 31 December 2021	<u>6,516,895</u>
Impairment losses and amortisation at 1 January 2021	4,031,898
Amortisation in the year	<u>795,964</u>
Impairment losses and amortisation at 31 December 2021	<u>4,827,862</u>
Carrying amount at 31 December 2021	<u>1,689,033</u>

7 Property, plant and equipment

DKK	<u>Other fixtures and fittings, tools and equipment</u>
Cost at 1 January 2021	3,944,758
Additions in the year	377,973
Disposals in the year	<u>-180,644</u>
Cost at 31 December 2021	<u>4,142,087</u>
Impairment losses and depreciation at 1 January 2021	2,019,137
Depreciation in the year	1,034,885
Reversal of amortisation/depreciation and impairment of disposals	<u>-96,000</u>
Impairment losses and depreciation at 31 December 2021	<u>2,958,022</u>
Carrying amount at 31 December 2021	<u>1,184,065</u>

DKK	<u>2021</u>	<u>2020</u>
8 Work in progress for third parties		
Selling price of work performed	50,070,858	44,917,012
Progress billings	<u>-49,574,500</u>	<u>-41,444,510</u>
	<u>496,358</u>	<u>3,472,502</u>
recognised as follows:		
Work in progress for third parties (assets)	9,148,381	9,562,810
Work in progress for third parties (liabilities)	<u>-8,652,023</u>	<u>-6,090,308</u>
	<u>496,358</u>	<u>3,472,502</u>

Measurement of work in progress is based on an assessment of the stage of completion of the individual projects and expectations of the remaining performance of each individual contract, including the outcome of any disputes. The assessment of the project's stage of completion and economy, including disputes, is made individually for each project in cooperation between the Executive Board and the project management.

Estimates relating to the performance of future outstanding work depend on several factors. Moreover, the assumptions on which a project is based may change as the work progresses. Likewise, may the assessment of disputes change as the cases progress.

The actual outcome may therefore deviate from the expected outcome.

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DKK	2021	2020
9 Deferred tax		
Deferred tax at 1 January	-2,663,994	-2,320,000
Adjustment for the year	894,935	-343,994
Deferred tax at 31 December	-1,769,059	-2,663,994

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, DKK 279,289, Contingents and subscriptions, DKK 352,213, Tax related to vehicles, DKK 25,288 and rent, DKK 12,575.

11 Share capital

Analysis of the share capital:

2,500 shares of DKK 1,000.00 nominal value each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>

Analysis of changes in the share capital over the past 5 years:

DKK	2021	2020	2019	2018	2017
Opening balance	2,500,000	2,500,000	2,500,000	2,500,000	30,800,000
Capital increase	0	0	0	0	500,000
Capital reduction	0	0	0	0	-28,800,000
	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>	<u>2,500,000</u>

12 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2021	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Other payables	1,455,587	0	1,455,587	1,260,091
	<u>1,455,587</u>	<u>0</u>	<u>1,455,587</u>	<u>1,260,091</u>

13 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2021	2020
Rent and lease liabilities	4,946,379	6,672,209
	<u>4,946,379</u>	<u>6,672,209</u>

Rent and lease liabilities include a rent obligation totalling 2,279,013 DKK in interminable rent agreements with remaining contract terms of 2,5 years. Furthermore, the Company has liabilities under operating leases for vehicles and cars, totalling DKK 2,667,366 with remaining contract terms of 1-6 years.

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14 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2021.

15 Related parties

Citelum Denmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
Citelum S.A.	Tour Pacific, 11-13 Cours Valmy, 92977 Paris La Défense Cedex, Frankrig	Participating interest Shareholders' agreement Participating interest

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Parent	Domicile
Citelum S.A.	Tour Pacific, 11-13 Cours Valmy, 92977 Paris La Défense Cedex, Frankrig
Electricité de France (EDF)	Tour EDF, 20 Place de la Défense, 92800 Puteaux

Related party transactions

Citelum Denmark A/S was engaged in the below related party transactions:

DKK	2021	2020
Interest expenses	36,101	68,955
Purchase of services	2,073,245	1,744,966
Management fee	567,731	993,563
Payables to group entities	3,131,048	3,630,479

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
Citelum S.A.	Tour Pacific, 11-13 Cours Valmy, 92977 Paris La Défense Cedex, Frankrig

DKK	2021	2020
16 Appropriation of profit		
Recommended appropriation of profit		
Retained earnings	2,961,660	9,195,307
	2,961,660	9,195,307

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17 Adjustments		
Amortisation/depreciation and impairment losses	1,830,849	1,703,781
Gain/loss on the sale of non-current assets	-40,356	-75,000
Financial income	-14,910	-36,532
Financial expenses	414,422	299,204
Tax for the year	0	100,606
Deferred tax	894,935	-343,994
	<u>3,084,940</u>	<u>1,648,065</u>
18 Changes in working capital		
Change in inventories	-610,414	-586,719
Change in receivables	6,560,376	-2,289,085
Change in trade and other payables	-2,693,636	4,297,168
Other changes in working capital	3,158,907	-4,318,494
	<u>6,415,233</u>	<u>-2,897,130</u>
19 Cash and cash equivalents at year-end		
Cash according to the balance sheet	<u>30,922,588</u>	<u>19,946,028</u>
	<u>30,922,588</u>	<u>19,946,028</u>

