Energy Machines ApS

Bryghuspladsen 8, 4. 402
1473 København K
Denmark

CVR no. 38 19 21 91

Annual report 2022

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

5 July 2023

Jenny Marie Helbrink Gann
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 Energy Machines ApS for the financial year 1 January – 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2022 and of the results of the Company's operations for the financial year 1 January – 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

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

Copenhagen 5 July 2023
Executive Board:

Johan Harald Gedda
CEO

Board of Directors:

Jenny Marie Helbrink Gann Chairman	Johan Harald Gedda	Nicolas Kastbjerg

Independent auditor's report

To the shareholders of Energy Machines ApS

Opinion

We have audited the financial statements of Energy Machines ApS for the financial year 1 January – 31 December 2022 comprising income statement, balance sheet, statement of changes in equity 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 Company's assets, liabilities and financial position 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.

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.

Management's responsibility 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 that 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 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 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

Independent auditor's report

— identify and assess the risks of material misstatement of the 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 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.

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 Statements Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 5 July 2023
KPMG
Statsautoriseret Revisionspartnerselskab
CVR no. 25 57 81 98

Jesper Bo Pedersen
State Authorised
Public Accountant
mne42778

Management's review

Company details

Energy Machines ApS
Bryghuspladsen 8, 4. 402
1473 København K
Denmark

CVR no.:	38 19 21 91
Established:	18 November 2016
Registered office:	København
Financial year:	1 January – 31 December

Board of Directors

Jenny Marie Helbrink Gann, Chairman
Johan Harald Gedda
Nicolas Kastbjerg

Executive Board

Johan Harald Gedda, CEO

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Dampfærgevej 28
DK-2100 København Ø
CVR no. 25 57 81 98

Management's review

Operating review

Principal activities

Energy Machines is a leading energy infrastructure company specializing in software-based energy solutions. Our focus is on designing, implementing, and operating fully electric integrated energy systems that enable buildings to decarbonize.

By combining proven best-of-breed low-carbon energy technologies with flexible digital platforms, we turn buildings into “energy machines” capable of generating, storing, and reusing their own energy with unparalleled efficiency. The result: market-leading reductions in energy usage, operating costs, and carbon footprint.

Energy Machines is proud to offer an emerging "Energy as a Service" utility model for project financing, providing our clients with flexible and cost-effective energy options.

Today, Energy Machines is headquartered in Copenhagen and has seven additional offices across Denmark, Sweden, and Finland, as well as one office in New York. With a team of over 100 energy rebels (employees), we are dedicated to driving change within the real estate sector.

Development in activities and financial position

The Company's income statement for 2022 shows loss of DKK -40,714,105 as against DKK -30,710,751 in 2021. Equity in the Company's balance sheet at 31 December 2022 stood at DKK 59,107,670 as against DKK 49,821,775 at 31 December 2021 following a capital increase in 2022 which all shareholders participated.

Please note that these financial statements only reflect the results of the Energy Machines’ Danish operations, and do not reflect the consolidated results of the entire Group (including foreign subsidiaries). As of 2023, Energy Machines is planning to issue consolidate Group financial statements.

The revenue of the Energy Machines Group's Danish operations experienced a significant increase from DKK 3 million in 2021 to DKK 27 million in 2022. This growth can be attributed to the Danish market's increasing acceptance of new heat pump-based energy systems. At the Group level, revenue doubled from 2021 to 2022. We are pleased to see a resurgence in rapid revenue growth following a slowdown during the Covid-19 pandemic. However, the net result for the financial year 2022 still shows a loss as a result of the continued high level of investment in R&D

Both in 2021 and 2022, the Company's operating losses are primarily driven by the expenses associated with running the R&D department, including the recruitment of additional employees and the development of new software and hardware prototypes. The company follows a policy of expensing these costs instead of capitalizing development expenses before proving commercial viability. In 2022, the total R&D costs amounted to DKK 26 million, compared to DKK 16 million in 2021.

The purpose of these R&D investments is to better position the organization for the anticipated surge in demand for the Company's products and services in the coming years.

To expand Energy Machines’ presence in the U.S. market, our team has successfully developed a line of heat pumps tailored specifically for this market. This strategic initiative allows us to significantly expand the Company’s reach and capitalize on the opportunities available in the U.S.

The Management considers the results of the year to be unsatisfactory but in line with the long-term strategy.

Management's review

Operating review

Outlook

Management anticipates revenues to fall in the range of DKK 80 and 100 million in 2023. The Company's core energy system business, which constitutes the majority of its revenues, is expected to maintain a positive net margin and further improve as project processes are standardized and automated. However, the EBITDA is projected to be negative as the Company continues to invest in two key areas: a) expanding its capacity to handle additional large projects, including ventures in the USA, and b) conducting research and development, primarily focused on software. Looking ahead, Energy Machines ApS expects to secure more business from existing customers with a global presence. We have strengthened our partnership with Danfoss through the development of a new line of heat pumps featuring virtually maintenance-free Turbocor compressors. Deliveries of Turbocor heat pumps are already underway for several ongoing projects, including DSV’s logistics center in Horsens, Denmark.

Regarding our commercial activities, the Company has introduced its Energy as a Service (EaaS) offering, which involves Energy Machines’ owning and operating energy systems and supplying energy (i.e. heating, cooling, and domestic hot water) to building owners or tenants.

EaaS by Energy Machines combines the contractual conditions and pricing structures of established utility companies with commercial leasing terms, creating a dynamic model that outperforms
traditional energy suppliers in terms of efficiency, sustainability, and cost-effectiveness. By adopting EaaS, asset owners can immediately enhance the capital value of individual assets or portfolios, without requiring their own investment or impacting tenants financially. With EaaS, asset owners are empowered to embrace sustainability, maximize value, and accelerate our collective shift toward a net-zero future.

The first contracts for this service are expected to be signed in 2023. This initiative establishes a utility-type business for the Company, generating more stable recurring revenues compared to the project-based business model.

Furthermore, our energy production and trading business, HydroMachines™, completed its first full year of operations under our ownership and achieved a record-breaking year due to high electricity prices. This segment involves the generation and trading of renewable electricity from our eight small-scale hydropower dams located in Småland, Sweden.

To support future growth, the Company plans to raise additional equity from its majority shareholder during the summer of 2023.

Uncertainty regarding recognition and measurement

The Company currently holds a deferred tax asset that has not been recognized due to uncertainty surrounding the application of tax losses. However, a portion of the loss that can be utilized under joint taxation has been capitalized.

Events after the balance sheet date

No events have occurred after the balance sheet date of material importance to the annual report for 2022.

Financial statements 1 January – 31 December

Income statement

DKK	Note	2022	2021
Gross loss		-5,195,403	-10,183,133
Staff costs	2	-31,935,708	-16,579,589
Depreciation, amortisation and impairment losses		-90,472	-40,197
Loss before financial income and expenses		-37,221,583	-26,802,919
Income from equity investments in group entities		0	-13,311,039
Other financial income	3	6,225,862	5,723,928
Other financial expenses	4	-13,774,997	-975,518
Loss before tax		-44,770,718	-35,365,548
Tax on loss for the year	5	4,056,613	4,654,797
Loss for the year		-40,714,105	-30,710,751

Proposed distribution of loss

Retained earnings		-40,714,105	-30,710,751
		-40,714,105	-30,710,751

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
ASSETS			
Fixed assets			
Intangible assets	6		
Completed development projects		0	0
Acquired patents		47,743	77,896
Co2 rights		6,663,092	0
		6,710,835	77,896
Property, plant and equipment	7		
Fixtures and fittings, tools and equipment		499,496	26,545
Investments	8		
Investments in group entities		45,956,787	46,595,044
Receivables from group entities		17,388,387	0
Deposits		31,818	126,083
		63,376,992	46,721,127
Total fixed assets		70,587,323	46,825,568
Current assets			
Receivables			
Trade receivables		4,028,444	164,206
Receivables from group entities		42,948,152	66,475,818
Contract work in progress	9	1,569,046	0
Other receivables		4,209	433,587
Corporation tax		251,490	287,263
Prepayments		208,453	304,487
		49,009,794	67,665,361
Securities and equity investments	10	38,373,065	38,407,751
Cash at bank and in hand		4,170,817	141,705
Total current assets		91,553,676	106,214,817
TOTAL ASSETS		162,140,999	153,040,385

Financial statements 1 January – 31 December

Balance sheet

DKK	Note	31/12 2022	31/12 2021
EQUITY AND LIABILITIES			
Equity			
Contributed capital		2,644,254	1,644,254
Retained earnings		56,463,416	48,177,521
Total equity		59,107,670	49,821,775
Liabilities			
Non-current liabilities	11		
Payables to group entities		0	71,621,796
Other payables		12,500,000	12,500,000
		12,500,000	84,121,796
Current liabilities			
Banks, current liabilities		0	6,532,738
Trade payables		3,122,894	5,746,830
Payables to group entities		65,244,193	4,278,748
Other payables		6,763,266	2,538,498
Deferred income	9	15,402,976	0
		90,533,329	19,096,814
Total liabilities		103,033,329	103,218,610
TOTAL EQUITY AND LIABILITIES		162,140,999	153,040,385

Disclosure of material uncertainties regarding recognition and measurement	
Contractual obligations, contingencies, etc.	12
Related party disclosures	13

Financial statements 1 January – 31 December

Statement of changes in equity

DKK	Contributed capital	Retained earnings	Total
Equity at 1 January 2022	1,644,254	48,177,521	49,821,775
Cash capital increase	1,000,000	49,000,000	50,000,000
Transferred over the distribution of loss	0	-40,714,105	-40,714,105
Equity at 31 December 2022	2,644,254	56,463,416	59,107,670

The mothercompany Kapitalen ApS has issued a letter of support to cover the financial situation for 2022. The letter of support is valid to the AGM for FY22 in 2023.

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of Energy Machines ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act with opt-in from higher reporting classes.

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

Omission of consolidated financial statements

Pursuant to section 112(1) of the Danish Financial Statements Act, no consolidated financial statements have been prepared. The financial statements of Energy Machines ApS and group entities are included in the consolidated financial statements of Kapitalen ApS, Bryghuspladsen 8, 4. 402, CVR no. 34883459.

Change in accounting class

The annual report of Energy Machines ApS for 2022 has been prepared in accordance with the provisions applying to reporting class B entities under the Danish Financial Statements Act. The transistion compared to the previous financial year from the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Acts has not resulted in changes to recognition and measurement.

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 that 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. Similarly, foreign exchange gains and losses on loans and derivative financial instruments taken out for the purpose of hedging investments in foreign subsidiaries are recognised directly in equity.

Upon recognition of foreign subsidiaries that 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.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Income statement

Gross loss

Pursuant to Section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross loss.

Revenue

Revenue from sale of services is recognised in the income statement when delivery is made to the buyer.

Revenue 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 revenue and expenses and the degree of completion of the contract can be measured reliably.

Where revenue 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 recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc. to the Company's employees.

Financial expenses

Financial expenses comprise interest expense and transactions denominated in foreign currencies, as well as surcharges under the on-account tax scheme, etc.

Dividends from equity investments in group entities measured at cost are recognised as income in the Parent Company's income statement in the financial year when the dividends are declared.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Tax on loss for the year

The Parent Company is subject to 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.

The Parent Company 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 corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Balance sheet

Intangible assets

Development projects

Development costs comprise costs, wages, salaries and amortisation directly and indirectly attributable to development activities.

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are evidenced, and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses as well development costs. Other development costs are recognised in the income statement as incurred.

Development projects are written down to the recoverable amount if this is lower than the carrying amount

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

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 5 years.

Co2 rights

Co2 rights are measured at cost price.

Co2 rigths are not depreciated as the purpose of the rigths is investmens and they expect to be sold within a short period. The rights are not used by the company.

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Patents, licences and trademarks

Rights acquired are measured at cost less accumulated amortisaton and impairment losses. The rights are amortised over the contractul period.

Patents and licences are measured at cost less accumulated amortisation and impairment losses. Patents are amortised on a straight-line basis over the remaining life of the patent, and licences are amortised over the contract period, however, not exceeding 10 years.

Patent of software rights	10 years

Acquired rights, etc. are written down to the recoverable amount if this is lower than the carrying amount based on the use of assets and expectation of budgets.

Property, plant 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.

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 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

Equity investments in group entities are measured at cost and are written down to the lower of recoverable amount an carrying amount.

Deposits are measured at amortised cost.

Financial statements 1 January – 31 December

Notes

1 **Accounting policies (continued)**

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment as well as equity investments in group entities 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.

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.

Write-downs are calculated as the difference between the carrying amount of receivables and the present value of forecast 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.

Construction contracts

Construction contracts 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 construction contract. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to the individual construction contract.

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

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

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

Financial statements 1 January – 31 December

Notes

1 Accounting policies (continued)

Corporation tax and deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability. 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/loss 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.

Prepayments

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

Securities and equity investments

Other securities and equity investments recognised as current assets comprise listed securities and futures measured at fair value at the balance sheet date, corresponding to market value.

Cash at bank and in hand

Cash at bank and in hand comprise cash and bank deposits.

Liabilities

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

Notes

DKK	2022	2021
2 Staff costs		
Wages and salaries	29,587,233	15,017,580
Pensions	1,274,993	1,069,772
Other social security costs	1,073,482	492,237
	31,935,708	16,579,589
Average number of full-time employees	44	25
3 Financial income		
Interest income from group entities	1,304,161	257,842
Other financial income	944,152	1,932,730
Fair value adjustments of financial instruments	3,977,549	3,533,356
	6,225,862	5,723,928
4 Financial expenses		
Interest expense to group entities	2,059,453	273,332
Impairment losses on financial assets	1,821,064	0
Other financial costs	123,948	582,415
Exchange losses	11,202	0
Fair value adjustments of financial instruments	9,759,330	119,771
	13,774,997	975,518
5 Tax on loss for the year		
Current tax for the year	-4,056,613	-4,654,797
	-4,056,613	-4,654,797

Financial statements 1 January – 31 December

Notes

6 Intangible assets

DKK	Completed development projects	Acquired patents	Co2 rights	Total
Cost at 1 January 2022	20,822,546	27,589,041	0	48,411,587
Additions for the year	0	0	6,663,092	6,663,092
Cost at 31 December 2022	20,822,546	27,589,041	6,663,092	55,074,679
Amortisation and impairment losses at 1 January 2022	-20,822,546	-27,511,145	0	-48,333,691
Impairment losses for the year	0	-30,153	0	-30,153
Amortisation and impairment losses at 31 December 2022	-20,822,546	-27,541,298	0	-48,363,844
Carrying amount at 31 December 2022	0	47,743	6,663,092	6,710,835

Co2 rights

Management has made an impairment of the Rigths and there are no indication of write-down. The fair value was higher than cost price at 31. december 2022.

7 Property, plant and equipment

DKK	Fixtures and fittings, tools and equipment
Cost at 1 January 2022	154,305
Additions for the year	533,270
Cost at 31 December 2022	687,575
Depreciation and impairment losses at 1 January 2022	-127,760
Depreciation for the year	-60,319
Depreciation and impairment losses at 31 December 2022	-188,079
Carrying amount at 31 December 2022	499,496

Financial statements 1 January – 31 December

Notes

8 Investments

DKK	Equity investments in group entities
Cost at 1 January 2022	76,588,374
Disposals for the year	-638,257
Cost at 31 December 2022	75,950,117
Revaluations at 1 January 2022	-29,993,330
Revaluations 31 December 2022	-29,993,330
Carrying amount at 31 December 2022	45,956,787

Name/legal form	Registered office	Voting rights and ownership interest
Subsidiaries:		
Energy Machines AB	Sweden, Malmö	100%
EKP Cool OY	Finland, Provoo	100%
Climate Machines FF AB	Sweden, Malmö	100%
HydroMachines Sweden AB	Sweden, Malmö	100%
Vertical Wind AB	Malmö, Sweden	91%
Enopsol ApS	Fredensborg, Danmark	100%
Energy Machines Inc.	New York, USA	100%

9 Contract work in progress

DKK	31/12 2022	31/12 2021
Selling price of work performed	11,202,663	0
Progress billings	-25,036,593	0
	-13,833,930	0
that can be specified as follows:		
Construction contracts (assets)	1,569,046	0
Construction contracts (liabilities)	-15,402,976	0
	-13,833,930	0

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Notes

10 Securities and equity investments

The Company has the following assets and liabilities recognized to fair value. The assets and liabilities consists shares and bonds in a regulated market.

DKK	31/12 2022	31/12 2021
Fair value, ending balance	45,641,782	38,407,751
Fair value regulation in the income statement	-5,176,155	3,413,585

11 Non-current liabilities

Liabilities can be specified as follows:

DKK	31/12 2022	31/12 2021
Payables to group enterprises		
1-5 years	0	71,621,796
	0	71,621,796
Other payables		
1-5 years	12,500,000	12,500,000
	12,500,000	12,500,000

12 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company participates in a Danish joint taxation arrangement with Kapitalen ApS. According to the joint taxation provisions of the Danish Corporation Tax Act, the Company is therefore liable for income taxes, etc. for the jointly taxed companies.

The Company has issued a guarantee of DKK 800 thousand for a work in progress related contract

Operating lease obligations

The Company has entered into operating leases with a remaining term of 2 months, totalling DKK 14 thousand.

13 Related party disclosures

Energy Machines ApS' related parties comprise the following:

Control

Kapitalen ApS holds the majority of the contributed capital in the Company.

Energy Machines ApS is part of the consolidated financial statements of Kapitalen ApS, Bryghuspladsen 8, 4. 402, 1473 København K, which is the smallest group in which the Company is included as a subsidiary.

The consolidated financial statements of Kapitalen ApS can be obtained by contacting the Company at the address above.