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# ***PEAK Wind ApS***

Jens Baggesens Vej 90, DK-8200 Aarhus N

## **Annual Report for 2023**

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CVR No. 38 52 95 87

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 7/6 2024

Michael Andersen  
Chairman of the  
general meeting



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# Management's statement

The Executive Board has today considered and adopted the Annual Report of PEAK Wind ApS for the financial year 1 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations for 2023.

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

We recommend that the Annual Report be adopted at the Annual General Meeting.

Aarhus N, 7 June 2024

## Executive Board

Denis Nørnberg Andersen

Lars Nagstrup Conradsen

Michael Andersen

# Independent Auditor's report

To the shareholder of PEAK Wind ApS

## Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of PEAK Wind ApS for the financial year 1 January - 31 December 2023, 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.

Aarhus C, 7 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Rune Kjeldsen  
State Authorised Public Accountant  
mne34160

Lone Dalsgaard  
State Authorised Public Accountant  
mne50676

## Company information

### The Company

PEAK Wind ApS  
Jens Baggesens Vej 90  
8200 Aarhus N

CVR No: 38 52 95 87

Financial period: 1 January - 31 December

Municipality of reg. office: Aarhus

### Executive Board

Denis Nørnberg Andersen  
Lars Nagstrup Conradsen  
Michael Andersen

### Auditors

PricewaterhouseCoopers  
Statsautoriseret Revisionspartnerselskab  
Jens Chr. Skous Vej 1  
DK-8000 Aarhus C

# Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023	2022	2021	2020	2019
	TDKK	TDKK	TDKK	TDKK	TDKK
<b>Key figures</b>					
<b>Profit/loss</b>					
Revenue	153,442	120,343	83,018	48,786	33,279
Gross profit	122,446	94,840	67,182	42,388	27,232
Profit/loss of primary operations	17,374	13,931	13,522	9,726	7,504
Profit/loss of financial income and expenses	-505	-581	-112	-104	-6
Net profit/loss for the year	10,513	10,471	10,484	7,540	5,924
<b>Balance sheet</b>					
Balance sheet total	60,990	51,697	33,968	21,149	12,038
Investment in property, plant and equipment	1,400	2,085	120	0	0
Equity	27,399	20,938	12,998	9,515	6,286
Number of employees	164	99	45	35	23
<b>Ratios</b>					
Gross margin	79.8%	78.8%	80.9%	86.9%	81.8%
Profit margin	11.3%	11.6%	16.3%	19.9%	22.5%
Return on assets	28.5%	26.9%	39.8%	46.0%	62.3%
Solvency ratio	44.9%	40.5%	38.3%	45.0%	52.2%
Return on equity	43.5%	61.7%	93.1%	95.4%	113.9%

# Management's review

## Key activities

The object of the Company is to provide consulting and advisory services within asset management and operations management to the global renewables sector and any other related business hereto as determined by the Management.

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 10.512.885 and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 27.398.740

Despite the challenges faced by the renewable energy sector during 2023, PEAK Wind has continued supporting existing and numerous new clients, markets, and projects in the green energy transition. To further support developers, utilities and project investors in the energy transition PEAK Wind expanded its global footprint by opening new offices and establishing new services offerings tailored to meet clients demand. Overall PEAK Wind delivered on our strategic targets for the year and Management consider the performance satisfactory.

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

2023 results are satisfactory and within expectations, which corresponds to a gross profit increase of 29% compared to the 2022-results and a consequential EBIT-increase of 26% compared to 2022. The growth is satisfactory despite the external challenges impacting the renewable energy sector and the economy.

The financial growth has been realised despite high inflation, which mainly impacts salary expenditures. Also, business activities have been increasing in existing and new markets despite a general slow-down and delays in the number of investment decisions on large-scale renewable infrastructure projects.

Continuous investments in new markets, development of internal and external training programs and software development were initiated during 2023, which is anticipated to support the future healthy growth and unlocking EBIT-margin improvements going forward.

## Targets and expectations for the year ahead

PEAK Wind expects continuous high activity in 2024, which will translate into double-digit growth, mainly from core markets and services. Profitability is expected to decline marginally due to several investments across the business.

## Research and development

During 2023 PEAK Wind has invested in the development of several software solutions to support the asset management business. This is expected to continue throughout 2024.

## Branches abroad

PEAK Wind has a branch located in Taiwan.

## Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.

## 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	2023	2022
		DKK	DKK
<b>Gross profit</b>		<b>122,446,141</b>	<b>94,839,781</b>
Staff expenses	1	-104,069,943	-80,483,994
Depreciation and impairment losses of property, plant and equipment	2	-1,002,147	-424,535
<b>Profit/loss before financial income and expenses</b>		<b>17,374,051</b>	<b>13,931,252</b>
Financial income	3	173,710	4,208
Financial expenses	4	-678,742	-585,004
<b>Profit/loss before tax</b>		<b>16,869,019</b>	<b>13,350,456</b>
Tax on profit/loss for the year	5	-6,356,134	-2,879,730
<b>Net profit/loss for the year</b>	6	<b>10,512,885</b>	<b>10,470,726</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Completed development projects		3,199,942	1,497,672
<b>Intangible assets</b>	7	<b>3,199,942</b>	<b>1,497,672</b>
Other fixtures and fittings, tools and equipment		1,758,255	1,295,057
Leasehold improvements		481,339	485,467
<b>Property, plant and equipment</b>	8	<b>2,239,594</b>	<b>1,780,524</b>
Deposits		1,494,517	1,481,377
<b>Fixed asset investments</b>		<b>1,494,517</b>	<b>1,481,377</b>
<b>Fixed assets</b>		<b>6,934,053</b>	<b>4,759,573</b>
Trade receivables		20,182,737	15,631,509
Contract work in progress		15,602,158	10,467,755
Receivables from group enterprises		6,148,430	12,880,643
Receivables from associates		511,888	0
Other receivables		200,517	105,044
Deferred tax asset		471,536	408,973
Corporation tax		1,477,820	1,605,730
Prepayments		2,163,893	1,636,512
<b>Receivables</b>		<b>46,758,979</b>	<b>42,736,166</b>
Cash at bank and in hand		7,297,264	4,201,521
<b>Current assets</b>		<b>54,056,243</b>	<b>46,937,687</b>
<b>Assets</b>		<b>60,990,296</b>	<b>51,697,260</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		54,275	54,275
Share premium account		10,020	10,020
Reserve for development costs		2,495,954	1,168,184
Retained earnings		24,838,491	13,705,702
Proposed dividend for the year		0	6,000,000
<b>Equity</b>		<b>27,398,740</b>	<b>20,938,181</b>
Other payables		2,115,682	2,044,618
<b>Long-term debt</b>	9	<b>2,115,682</b>	<b>2,044,618</b>
Credit institutions		7,342,380	10,417,211
Trade payables		2,602,506	2,975,572
Payables to group enterprises		2,391,188	0
Corporation tax		3,197,546	3,257,064
Other payables	9	15,942,254	12,064,614
<b>Short-term debt</b>		<b>31,475,874</b>	<b>28,714,461</b>
<b>Debt</b>		<b>33,591,556</b>	<b>30,759,079</b>
<b>Liabilities and equity</b>		<b>60,990,296</b>	<b>51,697,260</b>
Contingent assets, liabilities and other financial obligations	10		
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## Statement of changes in equity

	Share capital	Share premium account	Reserve for development costs	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 January	54,275	10,020	1,168,184	13,705,702	6,000,000	20,938,181
Ordinary dividend paid	0	0	0	0	-6,000,000	-6,000,000
Warrant programme	0	0	0	1,947,674	0	1,947,674
Development costs for the year	0	0	1,327,770	-1,327,770	0	0
Net profit/loss for the year	0	0	0	10,512,885	0	10,512,885
<b>Equity at 31 December</b>	<b>54,275</b>	<b>10,020</b>	<b>2,495,954</b>	<b>24,838,491</b>	<b>0</b>	<b>27,398,740</b>

# Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	94,228,970	73,040,666
Pensions	7,664,230	5,539,617
Other social security expenses	1,791,605	1,222,827
Other staff expenses	385,138	680,884
	<u>104,069,943</u>	<u>80,483,994</u>
<b>Including remuneration to the Executive Board</b>	<u>6,504,497</u>	<u>6,240,707</u>
<b>Average number of employees</b>	<u>164</u>	<u>99</u>

Warrants to senior employees have been issued in 2023. The warrants include an option to purchase new shares in Peak Wind Group ApS in the period from 2023 to 2026, of shares of up to approximately 10% of the share capital at an option price that is lower than the assessed fair value of the company at grant date. No warrants have been issued to the Executive Board.

	2023	2022
	DKK	DKK
<b>2. Depreciation and impairment losses of property, plant and equipment</b>		
Depreciation of property, plant and equipment	1,002,147	424,535
	<u>1,002,147</u>	<u>424,535</u>

	2023	2022
	DKK	DKK
<b>3. Financial income</b>		
Other financial income	173,710	4,208
	<u>173,710</u>	<u>4,208</u>

	2023	2022
	DKK	DKK
<b>4. Financial expenses</b>		
Other financial expenses	678,742	585,004
	<u>678,742</u>	<u>585,004</u>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>5. Income tax expense</b>		
Current tax for the year	3,644,102	3,293,918
Deferred tax for the year	-62,563	-414,188
Adjustment of tax concerning previous years	2,774,539	0
Adjustment of deferred tax concerning previous years	56	0
	<u>6,356,134</u>	<u>2,879,730</u>

	2023	2022
	DKK	DKK
<b>6. Profit allocation</b>		
Proposed dividend for the year	0	6,000,000
Retained earnings	10,512,885	4,470,726
	<u>10,512,885</u>	<u>10,470,726</u>

### 7. Intangible fixed assets

	Completed development projects
	DKK
Cost at 1 January	1,497,672
Additions for the year	1,937,268
Cost at 31 December	<u>3,434,940</u>
Impairment losses and amortisation at 1 January	0
Amortisation for the year	234,998
Impairment losses and amortisation at 31 December	<u>234,998</u>
<b>Carrying amount at 31 December</b>	<u><b>3,199,942</b></u>

Completed development projects relate to a computerized maintenance management system (CMMS) to be used in the global renewables sector. The development was completed in 2022 and the software is used by existing customers. In 2023 several development projects have been completed. The software technology developed relates to capturing, processing, analysing and presenting data related to renewable energy sources to be used in the delivery model to customers.

# Notes to the Financial Statements

## 8. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve- ments
	DKK	DKK
Cost at 1 January	1,575,370	629,996
Additions for the year	1,160,270	240,064
Cost at 31 December	<u>2,735,640</u>	<u>870,060</u>
Impairment losses and depreciation at 1 January	280,313	144,529
Depreciation for the year	697,072	244,192
Impairment losses and depreciation at 31 December	<u>977,385</u>	<u>388,721</u>
<b>Carrying amount at 31 December</b>	<b><u>1,758,255</u></b>	<b><u>481,339</u></b>
	<u>2023</u>	<u>2022</u>
	DKK	DKK

## 9. 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:

<b>Other payables</b>		
After 5 years	0	0
Between 1 and 5 years	2,115,682	2,044,618
Long-term part	<u>2,115,682</u>	<u>2,044,618</u>
Other short-term payables	15,942,254	12,064,614
	<b><u>18,057,936</u></b>	<b><u>14,109,232</u></b>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>10. Contingent assets, liabilities and other financial obligations</b>		
<b>Rental and lease obligations</b>		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	3,076,529	3,100,112
Between 1 and 5 years	0	1,224,525
	<u>3,076,529</u>	<u>4,324,637</u>

### 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 PEAK Wind Group, 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.

## 11. Related parties and disclosure of consolidated financial statements

### 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.

There have been no transactions with the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

### 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
Peak Wind Group ApS	Aarhus N

The Group Annual Report of Peak Wind Group ApS may be obtained at the following address:  
Jens Bagesens Vej 90K, st., 8200 Aarhus N, Denmark



# Notes to the Financial Statements

## 12. Accounting policies

The Annual Report of PEAK Wind ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Financial Statements for 2023 are presented in DKK.

### 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 PEAK Wind Group, 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.

### Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

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 transaction date rates are recognised in financial income and expenses in the income statement

### Incentive schemes

The value of share-based payment, including share option and warrant plans that do not involve an outflow of cash and cash equivalents, offered to a number of senior employees is recognized in the income statement. The most significant conditions of the share option plans are disclosed in the notes.

## Income statement

### Revenue

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.

# Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract 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 contract.

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.

## **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 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.

## **Financial income and expenses**

Financial income and expenses comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

## **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.

Any changes in deferred tax due to changes to tax rates are recognised in the income statement.

The Company is jointly taxed with PEAK Wind Group ApS and PEAX Energy ApS. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

# Notes to the Financial Statements

## Balance sheet

### Intangible fixed assets

#### *Development projects*

Costs of development projects comprise salaries, amortisation and other expenses directly or indirectly attributable to the Company's development activities.

Development projects that are clearly defined and identifiable and in respect of which technical feasibility, sufficient resources and a potential future market or development opportunity in the enterprise can be demonstrated, and where it is the intention to manufacture, market or use the project, are recognised as intangible assets. This applies if sufficient certainty exists that the value in use of future earnings can cover cost of sales, distribution and administrative expenses involved as well as the development costs.

Development projects that do not meet the criteria for recognition in the balance sheet are recognised as expenses in the income statement as incurred.

Capitalised development costs are measured at cost less accumulated amortisation and impairment losses or at a lower recoverable amount. An amount corresponding to the recognised development costs is allocated to the equity item 'Reserve for development costs'. The reserve is reduced by amortisation of and impairment losses on the development projects on a continuing basis.

As of the date of completion, capitalised development costs are amortised on a straight-line basis over the period of the expected economic benefit from the development work. The amortisation period is 5 year.

### 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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	3 years
Leasehold improvements	3 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 intangible assets and 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 amortisation and depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

# Notes to the Financial Statements

## 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.

## 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.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

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

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

## Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

# Notes to the Financial Statements

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

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

## Financial Highlights

### Explanation of financial ratios

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$