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PGH Afrika Holding ApS

Robert Jacobsens Vej 76 A
2300 Copenhagen East
CVR No. 39764164

Annual report 2022

The Annual General Meeting adopted the annual report on 25.05.2023

Torben Golsche Knappe
Chairman of the General Meeting

Contents

Entity details

Entity

PGH Afrika Holding ApS
Robert Jacobsens Vej 76 A
2300 Copenhagen East

Business Registration No.: 39764164
Registered office: Copenhagen
Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Morten Pitzner, chairman
Flemming Horn Nielsen
Erik Schou Stavnstrup
Jørgen Janus Roijer Hillerup
Torben Golsche Knappe

Executive Board

Nicolaj Lundgaard Dahl, CEO

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab
Weidekampsgade 6
2300 Copenhagen S

Statement by Management on the annual report

The Board of Directors and the Executive Board have today considered and approved the annual report of PGH Afrika Holding ApS for the financial year 01.01.2022 - 31.12.2022.

The annual report is presented in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Copenhagen, 25.04.2023

Executive Board

Nicolaj Lundgaard Dahl
CEO

Board of Directors

Morten Pitzner
chairman

Flemming Horn Nielsen

Erik Schou Stavnstrup

Jørgen Janus Roijer Hillerup

Torben Golsche Knappe

Independent auditor's report

To the shareholders of PGH Afrika Holding ApS

Opinion

We have audited the consolidated financial statements and the parent financial statements of PGH Afrika Holding ApS for the financial year 01.01.2022 - 31.12.2022, which comprise the income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for the Group as well as the Parent, and the consolidated cash flow statement. The consolidated financial statements and the parent financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent financial statements give a true and fair view of the Group's and the Parent's financial position at 31.12.2022 and of the results of their operations and the consolidated cash flows for the financial year 01.01.2022 - 31.12.2022 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor’s responsibilities for the audit of the consolidated financial statements and the parent financial statements" section of this auditor’s report. We are independent of the Group 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 responsibilities for the consolidated financial statements and the parent financial statements

Management is responsible for the preparation of consolidated financial statements and parent 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 consolidated financial statements and parent financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements and the parent financial statements, Management is responsible for assessing the Group's and the Entity’s ability to continue as a going concern, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the consolidated financial statements and the parent financial statements unless Management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements and the parent financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements and the parent 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 consolidated financial statements and parent financial statements.

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

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

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

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

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

- Evaluate the overall presentation, structure and content of the consolidated financial statements and the parent financial statements, including the disclosures in the notes, and whether the consolidated financial statements and the parent financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Statement on the management commentary

Management is responsible for the management commentary.

Our opinion on the consolidated financial statements and the parent financial statements does not cover the management commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements and the parent financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the consolidated financial statements and the parent financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the management commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the management commentary is in accordance with the consolidated financial statements and the parent 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 commentary.

Copenhagen, 25.04.2023

Deloitte
Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Hans Tauby
State Authorised Public Accountant
Identification No (MNE) mne44339

Management commentary

Financial highlights

	2022 DKK'000	2021 DKK'000	2020 DKK'000	2019 DKK'000
Key figures				
Revenue	130,258	97,632	120,010	87,683
Gross profit/loss	15,508	(4,493)	891	5,839
Operating profit/loss	(14,398)	(30,802)	(24,873)	(16,265)
Net financials	(9,306)	(5,179)	(5,756)	(2,581)
Profit/loss for the year	(20,070)	(29,784)	(25,482)	(16,274)
Balance sheet total	185,412	177,789	220,548	220,229
Investments in property, plant and equipment	900	201	102	156
Equity	65,463	1,466	31,250	57,328
Ratios				
Equity ratio (%)	35.31	0.82	14.17	26.03

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Equity ratio (%):
Equity * 100
Balance sheet total

Primary activities
The Groups main activities are international trade including solar equipment with installations, various supplies for international organizations and marine equipment.

The main activity for PGH Afrika Holding ApS is the ownership of Johs. Gram-Hanssen A/S a fully owned subsidiary.

Development in activities and finances
In the financial year 2022, the Group realized a loss for the year of DKK 20,070k, an improvement from DKK 29,782k in the prior year.

The result of the subsidiary was affected negatively by the outbreak of coronavirus/COVID-19, including derived effects into the maritime transportation with significant unforeseen increases in transport cost.

The result is considered unsatisfactory.

The shareholders have made a group contribution of DKK 84,067k during 2022. This has improved the equity ratio of the company to 35%.

Profit/loss for the year in relation to expected developments
Last year, the Group was not required to comment on the outlook, why no expectation was set.

Uncertainty relating to recognition and measurement
There is uncertainty relating to the recognition and measurement of the Groups contract work in progress, as the recognition and measurement is based on an accounting estimate.

The operations and commercial contracts expose the Group to currency fluctuation mainly from USD and KES, but occasionally also other currencies.

Outlook
The influx from COVID-19, including the derived effects on transportation cost have tampered off during the year improving the outlook for coming years. It is expected that 2023 will deliver a revenue between DKK 170.000k – DKK 190.000k and an EBIT between DKK (5.000k) and DKK 0 (zero). 2023 commences with a relatively strong orderbook.

Knowledge resources
The Group is dependent on robust staff with broad language skills to develop and deliver projects in challenging geographies.

Environmental performance
The subsidiary qualified during the year under ISO 14001 /Environment. Under this standard certain target for the Group suppliers were established to be measured in subsequent years.

Generally, the Group environmental impact is positive due to the nature of Solar Energy in a CO2 calculation.

Events after the balance sheet date
No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.

Consolidated income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Revenue		130,258	97,632
Cost of sales		(105,827)	(88,959)
Other external expenses		(8,923)	(13,166)
Gross profit/loss		**15,508**	**(4,493)**
Staff costs	1	(22,001)	(18,633)
Depreciation, amortisation and impairment losses	2	(7,905)	(7,676)
Operating profit/loss		**(14,398)**	**(30,802)**
Other financial income	3	47	1,683
Other financial expenses	4	(9,353)	(6,862)
Profit/loss before tax		**(23,704)**	**(35,981)**
Tax on profit/loss for the year	5	3,634	6,197
Profit/loss for the year	6	**(20,070)**	**(29,784)**

Consolidated balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Acquired intangible assets		968	1,335
Goodwill		112,738	119,972
Intangible assets	7	**113,706**	**121,307**
Other fixtures and fittings, tools and equipment		833	237
Property, plant and equipment	8	**833**	**237**
Fixed assets		**114,539**	**121,544**
Prepayments for goods		4,825	9,751
Inventories		**4,825**	**9,751**
Trade receivables		21,739	17,526
Contract work in progress		39,519	21,148
Other receivables		566	854
Joint taxation contribution receivable		3,500	6,299
Prepayments	9	524	336
Receivables		**65,848**	**46,163**
Cash		**200**	**331**
Current assets		**70,873**	**56,245**
Assets		**185,412**	**177,789**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		100	100
Retained earnings		65,363	1,366
Equity		**65,463**	**1,466**
Deferred tax	10	195	276
Provisions		**195**	**276**
Subordinate loan capital		0	57,800
Bank loans		22,500	35,000
Non-current liabilities other than provisions	11	**22,500**	**92,800**
Current portion of non-current liabilities other than provisions	11	12,500	12,500
Bank loans		2,576	35,128
Prepayments received from customers		876	5,889
Contract work in progress		7,630	0
Trade payables		11,821	11,982
Payables to group enterprises		58,103	15,230
Other payables		3,748	2,518
Current liabilities other than provisions		**97,254**	**83,247**
Liabilities other than provisions		**119,754**	**176,047**
Equity and liabilities		**185,412**	**177,789**
Unrecognised rental and lease commitments	13		
Assets charged and collateral	14		
Transactions with related parties	15		
Group relations	16		
Subsidiaries	17		

Consolidated statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	100	1,366	1,466
Group contributions etc.	0	84,067	84,067
Profit/loss for the year	0	(20,070)	(20,070)
Equity end of year	**100**	**65,363**	**65,463**

Consolidated cash flow statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Operating profit/loss		(14,398)	(30,802)
Amortisation, depreciation and impairment losses		7,905	7,676
Working capital changes	12	(13,873)	43,487
Cash flow from ordinary operating activities		**(20,366)**	**20,361**
Financial income received		48	1,683
Financial expenses paid		(9,353)	(6,862)
Taxes refunded/(paid)		6,352	5,592
Cash flows from operating activities		**(23,319)**	**20,774**
Acquisition etc. of intangible assets		0	(309)
Acquisition etc. of property, plant and equipment		(900)	(201)
Cash flows from investing activities		**(900)**	**(510)**
Free cash flows generated from operations and investments before financing		**(24,219)**	**20,264**
Loans raised		0	57,800
Repayments of loans etc.		(12,500)	(7,500)
Incurrence of debt to group enterprises		69,140	0
Repayment of debt to group enterprises		0	(66,560)
Cash flows from financing activities		**56,640**	**(16,260)**
Increase/decrease in cash and cash equivalents		**32,421**	**4,004**
Cash and cash equivalents beginning of year		(34,797)	(38,801)
Cash and cash equivalents end of year		**(2,376)**	**(34,797)**
Cash and cash equivalents at year-end are composed of:			
Cash		200	331
Short-term bank loans		(2,576)	(35,128)
Cash and cash equivalents end of year		**(2,376)**	**(34,797)**

Notes to consolidated financial statements

1 Staff costs

	2022 DKK'000	2021 DKK'000
Wages and salaries	19,680	16,776
Pension costs	1,164	878
Other staff costs	1,157	979
	22,001	**18,633**

Average number of full-time employees	25	25

	Remuneration of manage-ment 2022 DKK'000	Remuneration of manage-ment 2021 DKK'000
Total amount for management categories	2,174	1,576
	2,174	**1,576**

2 Depreciation, amortisation and impairment losses

	2022 DKK'000	2021 DKK'000
Amortisation of intangible assets	7,601	7,548
Depreciation on property, plant and equipment	304	128
	7,905	**7,676**

3 Other financial income

	2022 DKK'000	2021 DKK'000
Other interest income	47	16
Exchange rate adjustments	0	1,667
	47	**1,683**

4 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	2,994	1,981
Other interest expenses	3,433	2,112
Exchange rate adjustments	1,613	0
Other financial expenses	1,313	2,769
	9,353	**6,862**

5 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Change in deferred tax	(81)	46
Adjustment concerning previous years	(53)	56
Refund in joint taxation arrangement	(3,500)	(6,299)
	(3,634)	**(6,197)**

6 Proposed distribution of profit/loss

	2022 DKK'000	2021 DKK'000
Retained earnings	(20,070)	(29,784)
	(20,070)	**(29,784)**

7 Intangible assets

	Acquired intangible assets DKK'000	Goodwill DKK'000
Cost beginning of year	1,851	144,688
Cost end of year	**1,851**	**144,688**
Amortisation and impairment losses beginning of year	(516)	(24,716)
Amortisation for the year	(367)	(7,234)
Amortisation and impairment losses end of year	**(883)**	**(31,950)**
Carrying amount end of year	**968**	**112,738**

8 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	478
Additions	900
Cost end of year	**1,378**
Depreciation and impairment losses beginning of year	(241)
Depreciation for the year	(304)
Depreciation and impairment losses end of year	**(545)**
Carrying amount end of year	**833**

9 Prepayments

Prepayments comprise prepaid expenses.

10 Deferred tax

	2022 DKK'000	2021 DKK'000
Intangible assets	213	293
Property, plant and equipment	(18)	(17)
Deferred tax	**195**	**276**

Changes during the year	2022 DKK'000	2021 DKK'000
Beginning of year	276	267
Recognised in the income statement	(81)	(46)
Adjustment to prior years	0	55
End of year	**195**	**276**

11 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Bank loans	12,500	12,500	22,500
	12,500	**12,500**	**22,500**

Outstanding liabilities after 5 years is DKK 0k.

12 Changes in working capital

	2022 DKK'000	2021 DKK'000
Increase/decrease in inventories	4,926	(2,422)
Increase/decrease in receivables	(22,484)	38,990
Increase/decrease in trade payables etc.	3,685	6,919
	(13,873)	**43,487**

13 Unrecognised rental and lease commitments

	2022 DKK'000	2021 DKK'000
Total liabilities under rental or lease agreements until maturity	853	2,135

14 Assets charged and collateral

The Group has a total framework for bank guarantees and letter of credit of DKK 37.471 thousand.

15 Non-arm's length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

16 Group relations

Name and registered office of the Parent preparing consolidated financial statements for the largest group:
Axel Pitzner Fonden, Copenhagen

Name and registered office of the Parent preparing consolidated financial statements for the smallest group:
Axel Pitzner Fonden, Copenhagen

17 Subsidiaries

	Registered in	Corporate form	Ownership %
Johs. Gram Hanssen A/S	Copenhagen	A/S	100.00
JGH Marine East Africa Limited	Nairobi, Kenya	Limited	100.00

Parent income statement for 2022

	Notes	2022 DKK'000	2021 DKK'000
Other external expenses		(75)	(92)
Gross profit/loss		**(75)**	**(92)**
Income from investments in group enterprises		(17,075)	(27,391)
Other financial expenses	1	(3,765)	(2,976)
Profit/loss before tax		**(20,915)**	**(30,459)**
Tax on profit/loss for the year	2	845	675
Profit/loss for the year	3	**(20,070)**	**(29,784)**

Parent balance sheet at 31.12.2022

Assets

	Notes	2022 DKK'000	2021 DKK'000
Investments in group enterprises		108,835	125,910
Financial assets	4	**108,835**	**125,910**
Fixed assets		**108,835**	**125,910**
Receivables from group enterprises		6,586	0
Joint taxation contribution receivable		845	675
Receivables		**7,431**	**675**
Cash		**0**	**163**
Current assets		**7,431**	**838**
Assets		**116,266**	**126,748**

Equity and liabilities

	Notes	2022 DKK'000	2021 DKK'000
Contributed capital		100	100
Retained earnings		65,363	1,366
Equity		**65,463**	**1,466**
Subordinate loan capital		0	57,800
Bank loans		22,500	35,000
Non-current liabilities other than provisions	5	**22,500**	**92,800**
Current portion of non-current liabilities other than provisions	5	12,500	12,500
Bank loans		440	313
Trade payables		62	62
Payables to group enterprises		15,301	19,607
Current liabilities other than provisions		**28,303**	**32,482**
Liabilities other than provisions		**50,803**	**125,282**
Equity and liabilities		**116,266**	**126,748**
Employees	6		
Contingent liabilities	7		
Assets charged and collateral	8		
Related parties with controlling interest	9		
Transactions with related parties	10		

Parent statement of changes in equity for 2022

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	100	1,366	1,466
Group contributions etc.	0	84,067	84,067
Profit/loss for the year	0	(20,070)	(20,070)
Equity end of year	**100**	**65,363**	**65,463**

Notes to parent financial statements

1 Other financial expenses

	2022 DKK'000	2021 DKK'000
Financial expenses from group enterprises	2,451	1,669
Other financial expenses	1,314	1,307
	3,765	**2,976**

2 Tax on profit/loss for the year

	2022 DKK'000	2021 DKK'000
Refund in joint taxation arrangement	(845)	(675)
	(845)	**(675)**

3 Proposed distribution of profit and loss

	2022 DKK'000	2021 DKK'000
Retained earnings	(20,070)	(29,784)
	(20,070)	**(29,784)**

4 Financial assets

	Investments in group enterprises DKK'000
Cost beginning of year	153,842
Cost end of year	**153,842**
Impairment losses beginning of year	(27,932)
Amortisation of goodwill	(7,234)
Share of profit/loss for the year	(9,841)
Impairment losses end of year	**(45,007)**
Carrying amount end of year	**108,835**

A specification of investments in subsidiaries is evident from the notes to the consolidated financial statements.

In investments in group enterprises goodwill is included with DKK 112,738k.

5 Non-current liabilities other than provisions

	Due within 12 months 2022 DKK'000	Due within 12 months 2021 DKK'000	Due after more than 12 months 2022 DKK'000
Bank loans	12,500	12,500	22,500
	12,500	**12,500**	**22,500**

Outstanding liabilities after 5 years is DKK 0k.

6 Employees

The Entity has no employees other than the Executive Board. The Executive Officer has not received any remuneration.

7 Contingent liabilities

The Entity participates in a Danish joint taxation arrangement in which Pitzner Gruppen Holding A/S serves as the administration company. According to the joint taxation provisions of the Danish Corporation Tax Act, the Entity is therefore liable for income taxes etc. for the jointly taxed entities, and also for obligations, if any, relating to the withholding of tax on interest, royalties and dividends for the jointly taxed entities. The jointly taxed entities' total known net liability under the joint taxation arrangement is disclosed in the administration company's financial statements.

8 Assets charged and collateral

The bank holds security for all outstanding amounts between the bank and the Company. The bank has pawned the Stock Capital in Johs. Gram Hanssen A/S.

The Company has provided Security for Johs. Gram Hanssen A/S for all outstanding amounts between the companies and the bank.

9 Related parties with controlling interest

Pitzner Gruppen Holding A/S owns all shares in the Entity, thus exercising control.

10 Non-arm’s length related party transactions

Only non-arm's length related party transactions are disclosed in the annual report. No such transactions were conducted during the financial year.

Accounting policies

Reporting class
This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

Prior years, the Group has been preparing the consolidated financial statements and parent financial statements in accordance with the provisions of the Danish Financial Statements Act governing reporting class B. This year the reporting class has changed to class C enterprises (medium). Besides the change of reporting class, the accounting policies applied to these consolidated financial statements and parent financial statements are consistent with those applied last year.

Recognition and measurement
Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Consolidated financial statements
The consolidated financial statements comprise the Parent and the group enterprises (subsidiaries) that are controlled by the Parent. Control is achieved by the Parent, either directly or indirectly, holding more than 50% of the voting rights or in any other way possibly or actually exercising controlling influence.

Basis of consolidation
The consolidated financial statements are prepared on the basis of the financial statements of the Parent and its subsidiaries. The consolidated financial statements are prepared by combining uniform items. On consolidation, intra-group income and expenses, intra-group accounts and dividends as well as profits and losses on transactions between the consolidated enterprises are eliminated. The financial statements used for consolidation have been prepared applying the Group's accounting policies.

Subsidiaries' financial statement items are recognised in full in the consolidated financial statements.

Investments in subsidiaries are offset at the pro rata share of such subsidiaries' net assets at the acquisition date, with net assets having been calculated at fair value.

Income statement

Revenue

Revenue from the sale of manufactured goods and goods for resale is recognised in the income statement when delivery is made and risk has passed to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

Contract work in progress is included in revenue based on the stage of completion so that revenue corresponds to the selling price of the work performed in the financial year (the percentage-of-completion method).

Cost of sales

Cost of sales comprises goods consumed in the financial year measured at cost, adjusted for ordinary inventory writedowns.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise wages and salaries, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant and equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year, and gains and losses from the sale of intangible assets and property, plant and equipment.

Income from investments in group enterprises

Income from investments in group enterprises comprises the pro rata share of the individual enterprises' profit/loss after full elimination of intra-group profits or losses.

Other financial income

Other financial income comprises dividends etc. received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.

Other financial expenses

Other financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses on securities, payables and transactions in foreign currencies, amortisation of financial liabilities, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on profit/loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The Parent is jointly taxed with all of its Danish group enterprises. The current Danish income tax is allocated among the jointly taxed entities proportionally to their taxable income (full allocation with a refund concerning tax losses).

Balance sheet

Goodwill

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Intellectual property rights etc.

Intellectual property rights etc. comprise development projects completed.

Intellectual property rights acquired are measured at cost less accumulated amortisation. Patents are amortised on a straight-line basis over their remaining duration, and licences are amortised on a straight-line basis over the term of the agreement.

Intellectual property rights etc. are written down to the lower of recoverable amount and carrying amount.

Property, plant and equipment

Other fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the acquisition price, costs directly attributable to the acquisition and preparation costs of the asset until the time when it is ready to be put into operation.

The basis of depreciation is cost less estimated residual value after the end of useful life. Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

	Useful life
Other fixtures and fittings, tools and equipment	3-5 years

Estimated useful lives and residual values are reassessed annually.

Items of property, plant and equipment are written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises

Investments in group enterprises are recognised and measured in the parent financial statements according to the equity method. This means that investments are measured at the pro rata share of the enterprises' equity value.

Group enterprises with negative equity value are measured at DKK 0. Any receivables from these enterprises are written down to net realisable value based on a specific assessment. If the Parent has a legal or constructive obligation to cover the liabilities of the relevant enterprise, and it is probable that such obligation will involve a loss, a provision is recognised that is measured at present value of the costs necessary to settle the obligations at the balance sheet date.

Upon distribution of profit or loss, net revaluation of investments in group enterprises is transferred to the reserve for net revaluation according to the equity method in equity.

Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised straight-line over its estimated useful life, which is fixed based on the experience gained by Management for each business area. For goodwill, useful life has been determined based on an assessment of whether the enterprises are strategically acquired enterprises with a strong market position and a long-term earnings profile and whether the amount of goodwill includes intangible resources of a temporary nature that cannot be separated and recognised as separate assets. Useful lives are reassessed annually. The amortisation periods used are 20 years.

Goodwill is written down to the lower of recoverable amount and carrying amount.

Investments in group enterprises are written down to the lower of recoverable amount and carrying amount.

Inventories
Inventories are measured at the lower of cost using the FIFO method and net realisable value.

Cost consists of purchase price plus delivery costs.

The net realisable value of inventories is calculated as the estimated selling price less completion costs and costs incurred to execute sale.

Receivables
Receivables are measured at amortised cost, usually equalling nominal value, less writedowns for bad and doubtful debts.

Contract work in progress
Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a contract in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet in receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Joint taxation contributions payable or receivable
Current joint taxation contributions payable or receivable are recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Prepayments
Prepayments comprise incurred costs relating to subsequent financial years. Prepayments are measured at cost.

Cash
Cash comprises cash in hand and bank deposits.

Deferred tax
Deferred tax is recognised on all temporary differences between the carrying amount and the tax-based value of assets and liabilities, for which the tax-based value is calculated based on the planned use of each asset.

However, no deferred tax is recognised for amortisation of goodwill disallowed for tax purposes and temporary differences arising at the date of acquisition that do not result from a business combination and that do not have any effect on profit or loss or on taxable income.

Deferred tax assets, including the tax base of tax loss carryforwards, are recognised in the balance sheet at their estimated realisable value, either as a set-off against deferred tax liabilities or as net tax assets.

Deferred tax relating to retaxation of previously deducted losses in foreign subsidiaries is recognised on the basis of an actual assessment of the purpose of each subsidiary.

Other financial liabilities
Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers
Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes, and financial income, financial expenses and income tax paid.

Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale, etc. of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, including lease liabilities, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk.