



Fonden World Climate Foundation

Toldbodgade 55 B, 2.
1253 København K
CVR No. 41243163

Annual report 2022

The Annual General Meeting adopted the annual report on 03.08.2023

André Schneider

Chairman of the General Meeting

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Entity details

Entity

Fonden World Climate Foundation

Toldbodgade 55 B, 2.

1253 København K

Business Registration No.: 41243163

Registered office: København

Financial year: 01.01.2022 - 31.12.2022

Board of Directors

Peter Damgaard Jensen

Anders Rubinstein

Jens Nielsen

Andre Schneider

Executive Board

Jens Nielsen

Auditors

Deloitte Statsautoriseret Revisionspartnerselskab

Weidekampsgade 6

2300 Copenhagen S

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Fonden World Climate Foundation 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 financial statements give a true and fair view of the Entity's financial position at 31.12.2022 and of the results of its operations 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, 03.08.2023

Executive Board

Jens Nielsen

Board of Directors

Peter Damgaard Jensen

Anders Rubinstein

Jens Nielsen

Andre Schneider

Independent auditor's report

To the shareholders of Fonden World Climate Foundation

Opinion

We have audited the financial statements of Fonden World Climate Foundation 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. 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 Entity's financial position at 31.12.2022 and of the results of its operations 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 financial statements" section of this auditor's report. We are independent of the Entity 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 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 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 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 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 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 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 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 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 Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures in the notes, 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 commentary

Management is responsible for the management commentary.

Our opinion on the 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 financial statements, our responsibility is to read the management commentary and, in doing so, consider whether the management commentary is materially inconsistent with the 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 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, 03.08.2023

Deloitte

Statsautoriseret Revisionspartnerselskab
CVR No. 33963556

Christian Dalmoose Pedersen

State Authorised Public Accountant
Identification No (MNE) mne24730

Thomas Holm Christensen

State Authorised Public Accountant
Identification No (MNE) mne46321

Management commentary

Primary activities

Overview

The World Climate Foundation is a foundation registered in Denmark. The Foundation is engaged in developing international, not-for-profit impact platforms for large-scale collaboration between government, business, finance and civil society to help solve evolving environmental crises.

The Foundation's efforts are funded by donations from relevant institutions, funding through work on various public programmes and revenues from strategic partnerships and memberships. In 2022, funding came primarily from the following sources: international corporations, European philanthropic funds, and Nordic government entities. The Foundation is managed by an independent board.

Activities

In 2022, the World Climate Foundation continued its effort to facilitate the transition to a net-zero and nature-positive economy in line with the Paris Agreement on Climate Change and the UN Sustainable Development Goals through cross-sector dialogue, inspirational partnerships and investments in climate solutions. With the Roadmap to COP27 in Sharm-el-Sheikh, Egypt, the World Climate Foundation brought together leaders from across the globe for collaborative efforts throughout the year.

In 2022, the World Climate Foundation took a strategic approach to developing high-level networks, aimed at addressing and driving action and solutions in the three key environmental problems we are facing today: climate, biodiversity and health.

- World Climate Network

In 2022, the World Climate Foundation outlined its key climate activities under the World Climate Network, aiming to bring together a long-standing group of influential high-level decision-makers focusing on reaching net-zero before 2050, a swift transition to a new climate economy and implementing the Paris Agreement. Through this platform, the World Climate Foundation provides a platform for multi-sector stakeholders to build alliances and develop ambition loops for climate. The culmination of the Climate Network's activities resulted in the 13th edition of the World Climate Summit – The Investment COP, which took place on 13-14 November in Sharm-el-Sheikh, alongside COP27. Over the two-day event, we welcomed over 5500 registered delegates, 124 high-level speakers and 67 influential partners. A large group of ambitious and solutions-centered leaders from across the world, including pioneering policy and business leaders, provided real-world examples of how to drive the green transition not just by 2050 but by 2030, taking further and faster action.

- World Biodiversity Network

In 2021, the World Climate Foundation launched the World Biodiversity Network, which aims to tackle biodiversity loss and climate change, by facilitating cross-sectoral collaboration to spur investment in Nature-Based Solutions to close the nature finance gap. The Network gathers public and private sector stakeholders from across the globe, serving as a catalyst for the necessary dialogue, partnerships, solutions, and investments to tackle biodiversity loss, facilitate ecosystem restoration, and set the world on track to achieve the 2050 Vision for Biodiversity. Through the World Biodiversity Network and Summit, we want to build resilient partnerships and bold investments to tackle the twin crises of biodiversity loss and climate change.

Some of the key activities being developed and underway through the World Biodiversity Network and alongside key public and private sector partners include global partnership and coalition-building, community engagement led through our key convenings, strategic insights to support our members progress in their nature-positive

transition and large-scale convenings to mobilise announcements and present best practices.

In 2022, we held part 1 of the World Biodiversity Summit on 21 September in New York, alongside New York Climate Week and the UN General Assembly. Part 2 of the Biodiversity Summit was held at World Climate Summit, on 13-14 November in Sharm-el-Sheikh, alongside COP27 and part 3 was held on 11 December alongside UNCBD COP15 in Montreal. The three parts of World Biodiversity Summit helped build momentum for 'a Paris moment' for nature, ahead of the pivotal new Global Biodiversity Framework's finalisation at the UNCBD COP15. The Summits took a future-oriented approach to drive Nature-Based Solutions and innovations that can halt biodiversity loss and degradation, bringing public and private sector together to bridge the global biodiversity and climate agendas.

- **World Resilience Network**

In 2022, the World Climate Foundation worked on the development of its World Resilience Network, established as a response to the existing shortfalls in pandemic prevention. The current pandemic has further highlighted the interconnectivity of the environment and human health in the context of One Health and climate change. To prevent future pandemics, we need to address environment and human health solutions more broadly in the context of pandemic prevention. The Network will establish a public-private dialogue to add solutions within prevention, preparedness and risk management measures. The Summit will further define the role of public-private partnerships in pandemic prevention and in the pandemic treaty. This complementing and public-private partnership approach is critical under the One Health approach and a necessary add-on to pandemic prevention.

Development in activities and finances

The World Climate Foundation's 2022 accounts show a loss of DKK 1,268,158 in its third year of operation. We expect a continued sound financial development in the World Climate Foundation over the coming years based on a significant and growing interest in its work and impact across the world.

Management has entered into a loan agreement with Climate Investment coalition F.m.b.a per July 2023 where the parties has converted the interim bill amounting to DKK 2,934,922 per 27 July 2023 to a loan that will be repaid in 24 installments starting August 2023.

Unusual circumstances affecting recognition and measurement

No unusual circumstances have been identified.

Statutory report on foundation governance

Section 60 of the Danish Act on Commercial Foundations requires the Foundation's Executive Committee to consider the recommendations of the Committee on Foundation Governance under the Comply or Explain approach. The Executive Committee has reviewed and considered each recommendation, as stated below.

No. 1.1 It is recommended that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.

The Board of Directors has adopted guidelines for external communication, which are handled by the Chairman of the board of the Foundation.

No. 2.1.1 It is recommended that, in order to secure the activities of the commercial foundation in accordance

with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.

The Board of Directors takes an annual position on the fund's overall strategy and distribution policy, including at the Board of Directors annual meeting, which is supported by the Board of Directors' rules of procedure.

No. 2.1.2 It is recommended that the board of directors regularly address whether the foundation's asset management is in line with the purpose of the foundation and its long- and short-term needs.

The Board of Directors regularly monitor the fund's asset management at board meetings.

No. 2.2.1 It is recommended that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.

The chairman of the board organises, convenes and chairs the board meeting in accordance with the recommendations.

No. 2.2.2 It is recommended that if the board of directors, in exceptional cases, asks the chairman of the board of directors to perform special activities for the commercial foundation which extend beyond the duties of chairman, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman, the vice-chairman, the other members of the board of directors and the executive board, if any.

Special tasks for board members are performed based on board decisions.

No. 2.3.1 It is recommended that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks incumbent upon the board of directors.

The Board of Directors annually assesses and determines competence needs and evaluates the composition in relation to these.

No. 2.3.2 It is recommended that, with due respect of any right in the articles of association to make appointments, the board of directors approves a structured, thorough and transparent process for selection and nomination of candidates for the board of directors.

Selection and nomination of candidates for the Board of Directors follows an appropriate process guideline in the articles of association.

No. 2.3.3 It is recommended that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board, and when composing and nominating new members of the board the need for introducing new talent is weighed against the need for continuity and the need for diversity in relation to commercial and grants experience, age and gender.

Members of the Board of Directors are appointed based on an evaluation of personal qualities competence and consideration of e.g., renewal and diversity needs.

No. 2.3.4 It is recommended that in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:

- the name and position of the member,
- the age and gender of the member,
- date of original appointment to the board whether the member has been re-elected, and expiry of the current election period,
- any special competences possessed by the member,
- other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,
- whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- whether the member has been appointed by authorities/providers of grants etc., and
- whether the member is considered independent.

The Foundation complies partly: The management commentary reports on recommended matters except for the age and gender of the member.

why: The gender and age of the board members has not been stated in order to ensure that only relevant information on board members is provided.

How: The gender of the board members can be seen from the name of the board members.

No. 2.3.5 It is recommended that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully owned actual holding company.

The Foundation has no subsidiaries.

No. 2.4.1 It is recommended that an appropriate proportion of the board of directors be independent. If the board of directors (excluding employee representatives) is composed of

- up to four members, at least one member should be independent,
- between five and eight members, at least two members should be independent, or
- nine to eleven members, at least three members should be independent, and so on.

To be considered independent, this person may not, for example:

- be or within the past three years have been member of the executive board, or senior employee in the foundation, or an essential subsidiary or associated company to the foundation,
- within the past five years have received larger emoluments, including distributions or other benefits from the foundation/group or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors or executive board of the foundation,
- within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation/group or a subsidiary or associated company to the foundation,
- be or within the past three years have been employed or partner at the external auditor,
- have been a member of the board of directors or executive board of the foundation for more than 12 years,
- be a close relative of, or in some other way be especially close to, persons who are not considered independent,

- be the founder or a significant donor if the purpose of the foundation is to grant support to this person's family or others who are especially close to this person, or
- be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years has received significant donations from the foundation.

An appropriate proportion of the board of directors are considered independent.

No. 2.5.1 It is recommended that members of the board of directors be appointed for a minimum period of two years and a maximum period of four years.

The Foundation does not comply.

Why: To ensure the opportunity to continuously adjust the board's competencies.

How: Members of the board are appointed for a period of one year at a time

No. 2.5.2 It is recommended that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.

The Foundation does not comply

Why: To ensure that there is no age discrimination.

How: Members of the board are appointed by evaluation of competence and contribution.

No. 2.6.1 It is recommended that the board of directors establish an evaluation procedure in which the board of directors, the chairman and the contributions and performance of individual members are evaluated annually, and the result is discussed by the board of directors.

In connection with the annual competence evaluation of the Board of Directors, the members competence contribution will be assessed as well as any needs for amendments in the boards composition in relation to desired results.

No. 2.6.2 It is recommended that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria.

The CEO's work and results are assessed annually in relation to pre-defined goals and tasks according to entered agreement.

No. 3.1.1 It is recommended that the members of the board of directors of commercial foundations be remunerated with a fixed remuneration and that members of an executive board, if any, be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results. The remuneration should reflect the work and responsibilities consequential to the position.

The Foundation does not comply

Why: The members of the Board of Directors do not receive remuneration as it has not been necessary to pay remuneration to attract the board members.

How: It has not been necessary to pay remuneration to attract the board members.

No. 3.1.2 It is recommended that the financial statements provide information about the full remuneration received by each member of the board of directors and any executive board from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore there should be information on any other remuneration which members of the board of directors and any executive board have received for

performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.

Not relevant given the answer in section 3.1.1.

Statutory report on distribution policy

The foundation do not have a distribution policy yet. The distribution policy will be prepared in 2023.

Statutory report on corporate governance

The World Climate Foundation is managed by a board of directors with four members.

The composition of the board of directors is as follows:

Name	André Schneider
Role	Chairman
Occupation	CEO of Genève Aéroport, Switzerland
Joined the Board	7 June 2022
Management Positions	Chairman of the Innovation Board of Aviation Research Center Switzerland Chairman of the ACI Fund Vice-President of the Board of Global Infrastructure Basel Foundation Member of the board of Airports Council International (Europe) Member of Global Leadership Forum Advisory Board of The International Federation of Consulting Engineers
Dependent/independent	Independent
Competencies	Sustainable Development, Technology, Innovation
Name	Peter Damgaard Jensen
Role	Vice Chairman
Occupation	n/a
Joined the Board	19 February 2020
Management Positions	Chairman of the board of AIP Management P/S Chairman of the Climate Investment Coalition f.m.b.a. Member of the board of Investeringforeningen Maj Invest, Private Equity New Market III, PENM IV GB ERF and Nordic Impact Bridge Aps
Dependent/independent	Independent
Competencies	Finance and Investments, Asset Management, Environmental-Social-Governance (ESG)
Name	Jens Nielsen
Role	Board member
Occupation	CEO
Joined the Board	19 February 2020
Management Positions	Member of the board of World Climate Foundation CEO of World Climate Ltd. Chairman of Jens Nielsen Management ApS Member of the boards of Climate Planet Foundation, Art2030 and GreenLab Innovation Foundation
Dependent/independent	Dependent
Competencies	Sustainability, Economy & Markets, Public-Private Partnerships
Name	Anders Rubinstein
Role	Board member
Occupation	CEO
Joined the Board	19 February 2020
Management Positions	Chairman of Glerup Leasing A/S

Board member of Inbicare Research, Development, Innovation ApS, Elin og Erik Jensens Fond and Fonden World Climate Foundation.

Dependent/independent Independent

Competencies Legal Expert, Corporate Structuring

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.

Income statement for 2022

	Notes	2022 DKK	2021 DKK
Gross profit/loss		(1,564,070)	2,230,914
Other financial income	1	35,153	8,114
Other financial expenses	2	(96,926)	(75,123)
Profit/loss before tax		(1,625,843)	2,163,905
Tax on profit/loss for the year	3	357,685	(476,246)
Profit/loss for the year		(1,268,158)	1,687,659
Proposed distribution of profit and loss			
Retained earnings		(1,268,158)	1,687,659
Proposed distribution of profit and loss		(1,268,158)	1,687,659

Balance sheet at 31.12.2022

Assets

	Notes	2022 DKK	2021 DKK
Trade receivables	4	5,444,298	3,184,337
Deferred tax		357,685	0
Other receivables		1,468,503	1,638,356
Receivables		7,270,486	4,822,693
Cash		722,099	1,309,878
Current assets		7,992,585	6,132,571
Assets		7,992,585	6,132,571

Equity and liabilities

	Notes	2022 DKK	2021 DKK
Contributed capital		300,000	300,000
Retained earnings		306,989	1,575,147
Equity		606,989	1,875,147
Trade payables		6,516,709	3,583,663
Income tax payable		0	444,246
Other payables		868,887	229,515
Current liabilities other than provisions		7,385,596	4,257,424
Liabilities other than provisions		7,385,596	4,257,424
Equity and liabilities		7,992,585	6,132,571
Contingent liabilities	5		
Related parties of commercial foundations	6		

Statement of changes in equity for 2022

	Contributed capital DKK	Retained earnings DKK	Total DKK
Equity beginning of year	300,000	1,575,147	1,875,147
Profit/loss for the year	0	(1,268,158)	(1,268,158)
Equity end of year	300,000	306,989	606,989

Notes

1 Other financial income

	2022	2021
	DKK	DKK
Exchange rate adjustments	35,153	8,114
	35,153	8,114

2 Other financial expenses

	2022	2021
	DKK	DKK
Other interest expenses	8,448	16,893
Exchange rate adjustments	88,478	58,230
	96,926	75,123

3 Tax on profit/loss for the year

	2022	2021
	DKK	DKK
Current tax	0	444,246
Change in deferred tax	(357,685)	32,000
	(357,685)	476,246

4 Trade receivables

Management has entered into a loan agreement with Climate Investment coalition F.m.b.a per July 2023 where the parties has converted the interim bill amounting to DKK 2,934,922 per 27 July 2023 to a loan that will be repaid in 24 installments starting August 2023.

5 Contingent liabilities

None

6 Related parties of commercial foundations

The Foundation has in the financial year transactions with related parties concerning purchase and sale of consulting services. The following transactions are included in the financial statements for 2022

Purchase from World Climate Ltd. Filial af World Climate Ltd. 14,133,861 DKK., 2021 (12,730,291)
 Sale to Climate Investment Coalition F.m.b.a. 2,506,633 DKK., 2021 (2,750,095)

Debt to World Climate Ltd. Filial af World Climate Ltd is included in trade payables with 6,325,134 DKK., 2021 (3,373,965)

Receivbles from Climate Investment Coalition F.m.b.a. is included i trade receivables with 4,424,763 DKK., 2021 (1,915,748) The receivable has been converted into a loan in accordance with note 4 in 2023.

Accounting policies

Reporting class

This annual report has been presented in accordance with the provisions of the Danish Financial Statements Act governing reporting class B enterprises with addition of a few provisions for reporting class C.

The accounting policies applied to these 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.

Income statement

Gross profit or loss

Gross profit or loss comprises revenue, changes in inventories of finished goods and work in progress, own work capitalised, other operating income, cost of raw materials and consumables and external expenses.

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 from the sale of services is recognised in the income statement when delivery is made to the buyer. Revenue is recognised net of VAT, duties and sales discounts and is measured at fair value of the consideration fixed.

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.

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.

Balance sheet**Receivables**

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

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.

Cash

Cash comprises cash in hand and bank deposits.

Other financial liabilities

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

Tax receivable or payable

Current tax receivable or payable is recognised in the balance sheet, stated as tax computed on this year's taxable income, adjusted for prepaid tax.