Annual report for 2023

Honda PV ApS
Kristine Nielsens Gade 5, 8000 Aarhus C
CVR no. 41 42 56 87

Adopted at the annual general meeting on 27-May-2024 | 19:33 CEST

DocuSigned by:
Ole Malling
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Ole Malling
chairman

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Statement by management on the annual report

The supervisory board and executive board have today discussed and approved the annual report of Honda PV 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 consolidated financial statements and parent financial statements give a true and fair view of the company and the group financial position at 31 December 2023 and of the results of the group and the company operations and consolidated cash flows for the financial year 1 January - 31 December 2023.

In our opinion, management's review includes a fair review of the matters dealt with in the management's review.

Management recommends that the annual report should be approved by the company in general meeting.

Aarhus, 23 May 2024

Executive board

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Karsten Rovelt-Busch
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Karsten Rovelt-Busch
Director
27-May-2024 | 11:31 CEST

Supervisory board

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Andreas Delcomyn Larsen
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Andreas Delcomyn Larsen
27-May-2024 | 10:54 CEST

Independent auditor's report

To the shareholders of Honda PV ApS

Opinion

We have audited the consolidated financial statements and the parent company financial statements of Honda PV ApS for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including summary of significant accounting policies, for both the group and the parent company as well as consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the “Auditor's responsibilities for the audit of the consolidated financial statements and parent company ” section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to note 7 "Disclosure of uncertainty related to recognition and measurement” in the financial statements, which describes the uncertainty related to the recognized deferred tax asset of ('000 000 000) JPY 1.1. Our conclusion is not modified in relation to this matter.

Management's responsibilities for the consolidated financial statements and the financial statements

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

In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company 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 parent company financial statements

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's and the parent 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 consolidated financial statements and parent company 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 parent 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 consolidated financial statements and parent company 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 company to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising and conducting the audit of the group. We alone are 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 management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent with the consolidated financial statements and parent company 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, we conclude that management's review is in accordance with the consolidated financial statements and parent company 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 management's review.

Aarhus, 23 May 2024

BDO
Statsautoriseret Revisionsaktieselskab
CVR no. 20 22 26 70

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State Authorised Public Accountant
MNE no. mne46611
27-May-2024 | 19:31 CEST

Company details

The company	Honda PV ApS Kristine Nielsens Gade 5 8000 Aarhus C	
	CVR no.:	41 42 56 87
	Reporting period:	1 January - 31 December 2023
	Incorporated:	24 June 2021
	Financial year:	4th financial year
	Domicile:	Aarhus
Supervisory board	Andreas Delcomyn Larsen	
Executive board	Karsten Rovelt-Busch, director	
Auditors	BDO Statsautoriseret Revisionsaktieselskab Vestre Ringgade 28 8000 Aarhus C	

Management's review

Business review

The Group and Honda PV ApS principal activities consist in owning and running solar parks in Japan.

Recognition and measurement uncertainties

The recognition and measurement of items in the annual report is not associated with any uncertainty.

The Group has a tax loss carryforward of ('000 000 000) JPY 8.1 in Japan. The deferred tax asset based on the carryforward of tax losses is recognized at a value of ('000 000 000) JPY 1.1, equivalent to 8 years of earnings of ('000 000 000) JPY 3.8. Based on the company's activity and investment case, budgets are prepared with a horizon of 25 years, corresponding to the expected life of the solar power plant. The value of the deferred tax asset depends on management's ability to realize the budget. There is limited historical data on realized earnings, as the project started in 2021. Management assess that future earnings are sufficient to utilize the carryforward of tax losses. If the expected future earnings are not realized, the company's deferred tax asset will need to be impaired, which would result in a decrease in the asset's net book value.

Unusual matters

The company's management has identified an error concerning recognized deferred tax in the annual report for 2022. Further reference is made to the description under the applied accounting policies, including the description of the impact on the annual report due to the correction of significant errors.

Significant events occurring after the end of the financial year

No events have occurred after the balance sheet date which could significantly affect the the group's financial position.

Income statement 1 January - 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		JPY	JPY	JPY	JPY
Gross profit		**1.067.436.866**	**968.807.006**	**-18.262.835**	**1.088.002**
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-570.353.072	-570.436.074	0	0
Income from investments in subsidiaries		0	0	570.966.401	561.703.397
Other financial income		1.189	981.000	186.207.560	154.044.196
Financial costs	2	-846.160.291	-707.322.698	-807.260.910	-598.831.875
Profit/loss before tax		**-349.075.308**	**-307.970.766**	**-68.349.784**	**118.003.720**
Tax on profit/loss for the year	3	288.895.742	425.974.487	0	0
Profit/loss for the year		**-60.179.566**	**118.003.721**	**-68.349.784**	**118.003.720**

Recommended appropriation of profit/loss

Reserve for net re-valuation under the equity method	0	0	570.966.401	561.703.397
Retained earnings	-68.349.784	118.003.721	-639.316.185	-443.699.677
	-68.349.784	**118.003.721**	**-68.349.784**	**118.003.720**
Non-controlling interests	8.170.218	0	0	0
	-60.179.566	**118.003.721**	**-68.349.784**	**118.003.720**

Balance sheet 31 December

		Group		Parent company	
	Note	2023	2022	2023	2022
		JPY	JPY	JPY	JPY
Assets					
Plant and machinery	4	14.285.233.687	14.855.586.760	0	0
Tangible assets		**14.285.233.687**	**14.855.586.760**	**0**	**0**
Investments in subsidiaries	5	0	0	6.010.686.525	5.509.073.024
Receivables from subsidiaries		0	0	10.437.159.539	11.553.211.685
Other receivables		182.413.643	281.149.984	0	0
Deposits		600.000.000	600.000.000	0	0
Fixed asset investments		**782.413.643**	**881.149.984**	**16.447.846.064**	**17.062.284.709**
Total non-current assets		**15.067.647.330**	**15.736.736.744**	**16.447.846.064**	**17.062.284.709**
Trade receivables		92.342.800	75.561.000	0	0
Other receivables		856.371	0	298.471	10.106.801
Corporation tax		619.200	29.582.000	0	0
Prepayments		2.786.504.144	3.063.942.408	0	0
Receivables		**2.880.322.515**	**3.169.085.408**	**298.471**	**10.106.801**
Cash at bank and in hand		**872.542.265**	**885.424.348**	**2.205.390**	**14.080.786**
Total current assets		**3.752.864.780**	**4.054.509.756**	**2.503.861**	**24.187.587**
Total assets		**18.820.512.110**	**19.791.246.500**	**16.450.349.925**	**17.086.472.296**

Balance sheet 31 December

	Note	Group		Parent company	
		2023	2022	2023	2022
		JPY	JPY	JPY	JPY
Equity and liabilities					
Share capital		680.944	680.944	680.944	680.944
Reserve for net re-valuation under the equity method		0	0	666.583.867	164.970.366
Reserve for current value adjustments of currency gains		0	189.000	0	0
Reserve for current value of hedging		208.985.584	278.337.564	0	0
Retained earnings		-26.117.939	42.043.766	-483.716.222	155.599.963
Non-controlling interests		-20.171.167	-14.507.758	0	0
Equity		**163.377.422**	**306.743.516**	**183.548.589**	**321.251.273**
Provision for deferred tax		2.336.172.582	2.640.618.367	0	0
Total provisions		**2.336.172.582**	**2.640.618.367**	**0**	**0**
Banks		9.399.691.506	10.801.668.674	9.399.691.506	10.801.668.674
Total non-current liabilities	6	**9.399.691.506**	**10.801.668.674**	**9.399.691.506**	**10.801.668.674**
Banks	6	1.121.977.320	828.596.000	1.121.977.320	828.596.000
Trade payables		9.103.271	20.908.400	0	264.805
Payables to subsidiaries		5.745.132.510	5.134.691.544	5.745.132.510	5.134.691.544
Other payables		45.057.499	58.019.999	0	0
Total current liabilities		**6.921.270.600**	**6.042.215.943**	**6.867.109.830**	**5.963.552.349**
Total liabilities		**16.320.962.106**	**16.843.884.617**	**16.266.801.336**	**16.765.221.023**
Total equity and liabilities		**18.820.512.110**	**19.791.246.500**	**16.450.349.925**	**17.086.472.296**
Uncertainty connected with recognition or measurement	7				
Contingent liabilities	8				

Balance sheet 31 December (continued)

		Group		Parent company	
	Note	2023	2022	2023	2022
		JPY	JPY	JPY	JPY
Equity and liabilities					
Mortgages and collateral	9				
Related parties and ownership structure	10				

Statement of changes in equity

Group

	Share capital	Reserve for current value adjustments of currency gains	Reserve for current value of hedging	Retained earnings	Non-controlling interests	Total
Equity at 1 January 2023	680.944	189.000	278.338.484	42.042.845	-14.507.758	306.743.515
Sale of minority shares	0	0	0	0	674.131	674.131
Other equity movements	0	-189.000	-69.352.900	189.000	-14.507.758	-83.860.658
Net profit/loss for the year	0	0	0	-68.349.784	8.170.218	-60.179.566
Equity at 31 December 2023	**680.944**	**0**	**208.985.584**	**-26.117.939**	**-20.171.167**	**163.377.422**

Parent company

	Share capital	Reserve for net revalua-tion under the equity method	Retained earnings	Total
Equity at 1 January 2023	680.944	164.970.366	155.599.963	321.251.273
Other equity movements	0	-69.352.900	0	-69.352.900
Net profit/loss for the year	0	570.966.401	-639.316.185	-68.349.784
Equity at 31 December 2023	**680.944**	**666.583.867**	**-483.716.222**	**183.548.589**

Cash flow statement 1 January - 31 December

	Note	Group 2023	Group 2022
		JPY	JPY
Net profit/loss for the year		-60.179.566	118.003.721
Adjustments	11	1.127.616.432	850.802.587
Change in working capital	12	736.999.027	1.881.032.000
Cash flows from operating activities before financial income and expenses		**1.804.435.893**	**2.849.838.308**
Interest income and similar income		1.189	981.000
Interest expenses and similar charges		-226.245.398	-267.312.001
Cash flows from ordinary activities		**1.578.191.684**	**2.583.507.307**
Corporation tax paid		-30.479.300	-33.380.000
Cash flows from operating activities		**1.547.712.384**	**2.550.127.307**
Purchase of property, plant and equipment		0	-4.160.000
Sale of property, plant and equipment		0	69.620.000
Cash flows from investing activities		**0**	**65.460.000**
Repayment of loans from credit institutions		-1.108.595.848	-859.679.000
Repayment of debt to participating interests		-11.633.746	-1.922.105.000
Raising of other long-term debt		0	1.481.000
Cash flows from financing activities		**-1.120.229.594**	**-2.780.303.000**
Change in cash and cash equivalents		**427.482.790**	**-164.715.693**
Cash and cash equivalents		885.424.338	1.423.776.041
Exchange adjustment of current asset investments		-440.364.863	-373.636.000
Cash and cash equivalents		**872.542.265**	**885.424.348**
Analysis of cash and cash equivalents:			
Cash at bank and in hand		872.542.265	885.424.348
Cash and cash equivalents		**872.542.265**	**885.424.348**

1 Accounting policies

The annual report of Honda PV ApS for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B, as well as provisions applying to reporting class C entities.

The accounting policies applied are consistent with those of last year.

The annual report for 2023 is presented in JPY.

Change due to significant errors

It can be stated that there was a significant error in the 2022 annual report regarding recognized deferred tax.

In the financial year 2022, a correction was made to the purchase price allocation between deferred tax assets and the added value of tangible fixed assets. It was subsequently found in the financial year 2023 that the basis for the correction in 2022 was incorrect.

The error has been incorporated into the annual report retrospectively, with adjustments made to the comparative figures.

The error has resulted in an increase in tangible fixed assets by JPY 1.8 billion and a corresponding reduction in deferred tax assets in the comparative figures. This has no impact on the results, and therefore, there is no correction to the opening equity.

Basis of recognition and measurement

Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities. All expenses, including amortisation, depreciation and impairment losses, are also recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group's and the parent company's 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 from the group's and the parent company's and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is calculated as the historic cost less any installments and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

1 Accounting policies

On recognition and measurement, allowance is made for predictable losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date.

Consolidated financial statements

The consolidated financial statements comprise the parent company Honda ApS and subsidiaries in which the parent company, directly or indirectly, holds more than 50% of the voting rights or otherwise has a controlling interest. Entities in which the Group holds between 20% and 50% of the voting rights and over which it exercises significant influence, but which it does not control, are considered participating interests or associates, cf. the group chart.

The consolidated financial statements are prepared as a consolidation of the parent company's and subsidiaries' financial statements by aggregating uniform accounting items. On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets and liabilities at the acquisition date.

Entities acquired or formed during the year are recognised in the consolidated financial statements from the date at which control is obtained. Entities sold during the year are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Income statement

Revenue

Income from the sale of goods for resale and finished goods is recognised in the income statement, provided that the transfer of risk, usually on delivery to the buyer, has taken place and that the income can be measured reliably and is expected to be received.

Revenue is measured at the fair value of the agreed consideration, excluding VAT and other indirect taxes. Revenue is net of all types of discounts granted.

Other external expenses

Other external expenses include expenses related to administration, premises, bad debts, etc.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts that relate to the financial year. Net financials include interest income and expenses, financial expenses relating to finance leases, realised and unrealised capital/exchange gains and losses on securities, liabilities and foreign currency transactions, amortisation of financial assets and liabilities and surcharges and allowances under the Danish Tax Prepayment Scheme, etc.

Notes

1 Accounting policies

Income from investments in subsidiaries, associates and participating interests

The proportionate share of the profit/loss for the year of subsidiaries is recognised in the parent company's income statement after full elimination of intra-group profits/losses.

Tax on profit/loss for the year

The parent company is subject to the Danish rules on compulsory joint taxation of the Group's Danish subsidiaries. Subsidiaries participate in the joint taxation arrangement from the time when they are included in the consolidated financial statements and until the time when they withdraw from the consolidation.

The parent company acts as management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

On payment of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed entities in proportion to their taxable income. Entities with tax losses receive joint taxation contributions from entities that have been able to use tax losses to reduce their own taxable profits.

Tax for the year, which comprises the current tax charge for the year and changes in the deferred tax charge, is recognised in the income statement as regards the portion that relates to the profit/loss for the year and directly in equity as regards the portion that relates to entries directly in equity.

Balance sheet

Tangible assets

Items of plant and machinery and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

The depreciable amount is cost less the expected residual value at the end of the useful life.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Straight-line depreciation is provided on the basis of the following estimated useful lives of the assets:

	Useful life	**Residual value**
Plant and machinery	10-25 years	0 %

1 Accounting policies

Gains and losses on the sale of items of property, plant and equipment are calculated as the difference between the selling price, less costs to sell, and the carrying amount at the time of sale. Gains or losses on the sale of items of property, plant and equipment are recognised in the income statement under other operating income or other operating expenses, respectively.

Investments in subsidiaries, associates and participating interests

Investments in subsidiaries, associates and participating interests are measured at the proportionate share of the net asset value of the entities, calculated on the basis of the group's accounting policies, plus or less unrealised intra-group gains or losses and plus or less any remaining value of positive or negative goodwill stated according to the purchase method. Negative goodwill is recognised in the income statement on acquisition. Where the negative goodwill relates to contingent liabilities having been taken over, the negative goodwill is not recognised until the contingent liabilities have been settled or no longer exist.

Investments in subsidiaries and associates are measured in the parent company financial statements using the equity method.

Impairment of fixed assets

The carrying amount of intangible assets, items of property, plant and equipment and investments in subsidiaries, associates and participating interests is tested annually for impairment, other than what is reflected through normal amortisation and depreciation.

Where there is evidence of impairment, an impairment test is performed for each individual asset or group of assets. Write-down is made to the lower of the recoverable amount and the carrying amount.

The recoverable amount is the higher of the net present value and the value in use less expected costs to sell. The net present value is determined as the present value of the anticipated net cash flows from the use of the asset or group of assets and the anticipated net cash flows from the disposal of the asset or group of assets after the end of their useful life.

Receivables

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable is impaired, an impairment loss for that individual asset is recognised.

Income tax and deferred tax

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years and tax paid on account.

1 Accounting policies

The company and all its Danish group entities are taxed on a joint basis. The current income tax charge is allocated between the jointly taxed entities relative to their taxable income. Tax losses are allocated based on the full absorption method. The jointly taxed entities are eligible for the Danish Tax Prepayment Scheme.

Deferred tax is measured according to the liability method in respect of temporary differences between the carrying amount of assets and liabilities and their tax base, calculated on the basis of the planned use of the asset and settlement of the liability, respectively. Deferred tax is measured at net realisable value.

Deferred tax assets, including the tax base of tax losses allowed for carry forward, are measured at the value to which the asset is expected to be realised, either as a set-off against tax on future income or as a set-off against deferred tax liabilities within the same legal tax entity. Any deferred net tax assets are measured at net realisable value.

Liabilities

Liabilities, which include trade payables, payables to group entities and other payables, are measured at amortised cost, which is usually equivalent to nominal value.

Foreign currency translation

On initial recognition, foreign currency transactions are translated applying the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses. If foreign currency instruments are considered cash flow hedges, any unrealised value adjustments are taken directly to a fair value reserve under ‘Equity’.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the latest financial statements is recognised in the income statement as financial income or financial expenses.

Fixed assets acquired in foreign currencies are translated at the exchange rate at the transaction date.

Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

1 Accounting policies

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future cash flows are recognised in other receivables or other payables and in the fair value reserve under 'Equity'. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or the liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

Cash flow statement

The cash flow statement shows the group's cash flows for the year, broken down under cash flows from operating, investing and financing activities, the year's changes in cash and cash equivalents and the group's cash and cash equivalents at the beginning and at the end of the year.

The cash flow effect of additions and disposals of entities is shown separately under cash flows from investing activities. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

Cash flows from operating activities

Cash flows from operating activities are stated as the group's profit or loss for the year, adjusted for non-cash operating items, changes in working capital and paid income taxes. Dividend income from investments is recognised under 'Interest income and dividend received'.

Cash flows from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities as well as intangible assets, property, plant and equipment and investments.

Cash flows from financing activities

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

Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Notes

		Group		Parent company	
		2023	2022	2023	2022
		JPY	JPY	JPY	JPY
2	**Financial costs**				
	Financial expenses, group entities	60.697.482	66.373.783	60.697.482	66.373.783
	Other financial costs	785.462.809	640.948.915	746.563.428	532.458.092
		846.160.291	**707.322.698**	**807.260.910**	**598.831.875**

		Group		Parent company	
		2023	2022	2023	2022
3	**Tax on profit/loss for the year**				
	Current tax for the year	0	3.568.513	0	0
	Deferred tax for the year	-123.580.250	-429.543.000	0	0
	Adjustment of deferred tax concerning previous years	-165.315.492	0	0	0
		-288.895.742	**-425.974.487**	**0**	**0**

Notes

4 Tangible assets

Group

	Plant and machinery
Cost at 1 January 2023	15.632.438.971
Cost at 31 December 2023	15.632.438.971
Revaluations at 1 January 2023	0
Revaluations at 31 December 2023	0
Impairment losses and depreciation at 1 January 2023	776.852.212
Depreciation for the year	570.353.072
Impairment losses and depreciation at 31 December 2023	1.347.205.284
Carrying amount at 31 December 2023	**14.285.233.687**

5 Investments in subsidiaries

Parent company
Investments in subsidiaries are specified as follows:

Navn	Registered office	Ownership interest
ES NPV 1 GK	Japan	99%
Honda Renewables GK	Japan	100%

6 Long term debt

	Group		Parent company	
	2023	2022	2023	2022
	JPY	JPY	JPY	JPY
Banks				
After 5 years	6.099.683.013	7.359.055.000	6.099.683.013	7.359.055.000
Between 1 and 5 years	3.300.008.493	3.442.613.674	3.300.008.493	3.442.613.674
Non-current portion	9.399.691.506	10.801.668.674	9.399.691.506	10.801.668.674
Other short-term debt to credit institutions	1.121.977.320	828.596.000	1.121.977.320	828.596.000
Current portion	1.121.977.320	828.596.000	1.121.977.320	828.596.000
	10.521.668.826	**11.630.264.674**	**10.521.668.826**	**11.630.264.674**

7 Uncertainty connected with recognition or measurement

The Group has a tax loss carryforward of ('000 000 000) JPY 8.1 in Japan. The deferred tax asset based on the carryforward of tax losses is recognized at a value of ('000 000 000) JPY 1.1, equivalent to 8 years of earnings of ('000 000 000) JPY 3.8. Based on the company's activity and investment case, budgets are prepared with a horizon of 25 years, corresponding to the expected life of the solar power plant. The value of the deferred tax asset depends on management's ability to realize the budget. There is limited historical data on realized earnings, as the project started in 2021. Management assess that future earnings are sufficient to utilize the carryforward of tax losses. If the expected future earnings are not realized, the company's deferred tax asset will need to be impaired, which would result in a decrease in the asset's net book value.

8 Contingent liabilities

Rent liabilities include a rent obligation totalling JPY 281,752 thousand in interminable rent agreement with remaining contract terms of 20 ½ years.

9 Mortgages and collateral

Plant and machinery with a carrying amount of JPY 14,285,234 thousand at 31 December 2023 have been provided as collateral for debt to mortgage credit institutions of JPY 10,801,669 thousand.

10 Related parties and ownership structure

Consolidated financial statements

The company is included in the consolidated financial statements of Obton Solenergi Stabil P/S, Kristine Nielsens Gade 5, 8000 Aarhus C, CVR no. 38 78 42 34.

		Group	
		2023	2022
		JPY	JPY
11	**Cash flow statement - adjustments**		
	Financial income	-1.189	439.029.000
	Financial costs	846.160.291	267.312.000
	Depreciation, amortisation and impairment losses	570.353.072	570.436.074
	Tax on profit/loss for the year	-288.895.742	-425.974.487
		1.127.616.432	**850.802.587**
12	**Cash flow statement - change in working capital**		
	Change in receivables	771.203.931	2.170.366.000
	Change in trade payables, etc.	-34.204.904	-289.334.000
		736.999.027	**1.881.032.000**