BEIERHOLM
VI SKABER BALANCE

StandbyCo VI ApS

Islands Brygge 43, 1., 2300 København S

CVR no. 41 47 96 55

Annual report for 2023

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 28.06.24

Henrik Holst Larsen
Dirigent

Table of contents

Group information etc.

The company

StandbyCo VI ApS
c/o Modstrøm Danmark A/S
Islands Brygge 43, 1.
2300 København S
Registered office: København
CVR no.: 41 47 96 55
Financial year: 01.01 - 31.12

Executive Board

Anders Dissing Millgaard

Board of Directors

Rinaldo Rosendaal
Nicklas Skou Guldberg

Auditors

Beierholm
Statsautoriseret Revisionspartnerselskab

Statement by the Executive Board and Board of Directors on the annual report

We have on this day presented the annual report for the financial year 01.01.23 - 31.12.23 for StandbyCo VI ApS.

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

In our opinion, the consolidated financial statements and financial statements give a true and fair view of the group's and the parent's assets, liabilities and financial position as at 31.12.23 and of the results of the group’s and parent’s activities and of the group's cash flows for the financial year 01.01.23 - 31.12.23.

We believe that the management's review includes a fair review of the matters dealt with in the management's review.

The annual report is submitted for adoption by the general meeting.

Copenhagen, March 26, 2024

Executive Board

Anders Dissing Millgaard

Board of Directors

Rinaldo Rosendaal
Chairman

Nicklas Skou Guldberg

To the capital owner of StandbyCo VI ApS

Opinion

We have audited the consolidated financial statements and financial statements of StandbyCo VI ApS for the financial year 01.01.23 - 31.12.23, which comprise income statement, balance sheet, statement of changes in equity and notes to the financial statements, including significant accounting policies for the group as well as for the parent company as well as the consolidated cash flow statement. The consolidated financial statements and financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion the consolidated financial statements and financial statements give a true and fair view of the group's and the company's financial position at 31.12.23 and of the results of the group's and the company's operations and consolidated cash flows for the financial year 01.01.23 - 31.12.23 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 financial statements” section of our report. We are independent of the group and the company in accordance with the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter

We draw attention to the information in note 20 in which management accounts for its expectations for significantly improved earnings of the related activity, which is a condition for the value of the recognised goodwill in the Group's consolidated financial statements and the goodwill recognized as part of Equity investments in group enterprises in the Parent's financial statements. We agree with management on the accounting treatment of goodwill. As such, our opinion is not modified in respect of this matter.

Statement on the management's review

Management is responsible for the management's review.

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

In connection with our audit of the consolidated financial statements and financial statements, it is 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 or 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 the management's review is in accordance with the consolidated financial statements and financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

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

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

In preparing the consolidated financial statements and financial statements, management is responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the consolidated financial statements and financial statements unless management either intends to liquidate the group and 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 financial statements

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements and 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 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 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 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 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 financial statements, including the disclosures, and whether the consolidated financial statements and 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.

Soeborg, Copenhagen, March 26, 2024

Beierholm

Statsautoriseret Revisionspartnerselskab
CVR no. 32 89 54 68

Henrik Agner Hansen

State Authorized Public Accountant
MNE-no. mne28682

GROUPS FINANCIAL HIGHLIGHTS

Key figures

Figures in DKK '000	2023	2022	2021	01.07.20 31.12.20
Profit/loss				
Revenue	522,544	915,283	488,401	66,467
Index	786	1,377	735	100
Operating profit/loss	29,972	-703	982	-3,610
Index	-830	19	-27	100
Total net financials	-992	-7,192	-6,434	-1,808
Index	55	398	356	100
Profit/loss for the year	16,927	-10,015	-8,018	-6,485
Index	-261	154	124	100
Balance				
Total assets	675,682	728,007	634,003	480,894
Index	141	151	132	100
Investments in property, plant and equipment	1,223	276	1,054	156
Index	784	177	676	100
Equity	134,255	103,748	111,905	119,361
Index	112	87	94	100
Cashflow				
Net cash flow:				
Operating activities	22,172	81,775	-18,382	-16,231
Investing activities	-59,568	-5,788	-7,765	-77,137
Financing activities	-6,569	-11,348	-9,320	226,189
Cash flows for the year	-43,965	64,639	-35,467	132,821

Main activities

Modstrøm is a supplier of energy and green transition, which is 100% independent of the incumbents providing grid services to power consumers.

Modstrøm was founded in 2008, being the first independent power supplier in Denmark following the deregulation of the energy market in 2003, supplying power to both private households and companies nationwide. The activities of the Company are:

- Procurement of power on the Nordic energy exchange and sale of power to Danish energy consumers

- Delivery of Energy Services which enables the consumer to:

    - Reduce energy consumption through change in consumer behavior
    - Move energy consumption to nighttime where the share of green energy in the grid is highest.
    - Understand how energy is consumed
    - Save money through energy reduction

- Sales of products and services which have a direct impact on businesses and private consumers realization of energy savings, hereunder:

    - Online and Onsite energy calculations which identifies the consumers potential for energy improvements
    - Advice for energy consumers to reduce energy consumption
    - Assume the role as main contractor, collecting offers from sub vendors and suppliers, coordinating and perform client advice consultancies
    - Payment services
    - Realization of energy improvements through implementation of products and services i.e. Insulation, heat pumps, solar cells, batteries, lightning, ventilation.

- Development of new and innovative products and services, adding considerable value for energy consumers

Modstrøm embraces the philosophy that the only true green kWh is the one never consumed.

The vision is that sustainability must pay off. Being an energy consumer, doing the right thing for the environment and climate must not be more expensive; the energy consumer is capable of both saving money and preventing climate changes. The prerequisite is that the consumer understands how and when energy is used, and what to do to reduce consumption.

Uncertainty concerning recognition and measurement

In the financial statements for the financial year 01.01.23 - 31.12.23, the uncertainty with regard to recognition and measurement of goodwill in the Group financial statements and Equtiy investments in group enterprises in the Parent company financial statements has been described. Please refer to note 20 for detailed description.

Development in the group's financial activities and affairs

The income statement for the period 01.01.23 - 31.12.23 shows a profit of DKK 16,927k against a loss of DKK 10,015k for the period 01.01.22 - 31.12.22. The balance sheet shows equity of DKK 134,255k.

In year 2023 the Group has continued to invest in technology and build up capacity and competences to deliver energy improvements, executing the Group's strategy to create value for customers through energy improvements.

The expected EBITDA for 2023 was in the rage 30-60 DKKm. The result was 55.5 DKKm, which was in line with the expectation. The expected revenue of +800 DKKm did not materialize due to lower cost of power. This has however no impact on the profit as cost is passed directly onto the customers.

The Group's expected development

In the financial year 2024, the Company expects to realize an EBITDA of approximately DKK 30-60 million in line with the financial year 2023.

The expected revenue is highly dependent on the price of power, which is passed on to the end customers. Changes in the price of power does not affect the result.

Financial risks

Price risks

As the cost price of power is passed directly onto the customers, there is no price risk.

Interest rate risks

The interest rate for the group is based on the general interest rate plus a margin depending on the leverage ratio. There is a risk associated with an increase in the interest rate.

Credit risks

Modstrøm aim at having prepayments on all residential and business customers, which reduce the credit risk for the company.

Liquidity risks

In the event of a sudden price increase, there is a temporary need for cash before the payments are received from the customers. The company has access to cash facilities to mitigate this exposure.

Research and development activities

Modstrøm has developed a platform for energy analysis of energy improvements/ renovation in private domestic residences. The solution conducts calculations and analysis on i.e., one family houses, townhouses and apartments, why the service can be offered to the total marked for private consumers. A new user interface has been developed, as well as a new calculation concept, enabling Modstrøm consultants to provide energy calculations in dialogue with the customer. This ensures that customers will be able to carry out an energy calculation.

Modstrøm has invested in development of a support and delivery organization for energy analysis and energy improvements, thus employing a group of electricians and fitters, as well as a number of subcontractors responsible for the delivery of solar cells, heat pumps, ventilation systems, insulation, lightning, consultancy and other energy improvements services.

Important events occurring after the end of the financial year

No significant events have occurred after the end of the financial year.

Branches abroad

The group owns 100% of Modstroem Deutschland GmbH. The main purpose of the subsidiary is software maintenance and development. Modstrøm Danmark A/S is the key customer and user of services provided by the Modstrøm Deutschland GmbH.

Corporate social responsibility

Business model

Please refer to the description under "main activices".

The group is managed in accordance with the statutory provisions laid down in the Danish Companies Act (selskabsloven) and the Danish Financial Statements Act (årsregnskabsloven), and subject to the recommendations of the Committee for Corporate Governance.

Environmental matters

Modstrøm's mission is to drive green energy transition by making it easy, economic sustainable and advantageous to transit to green energy with climate friendly and innovative products and services.

Modstrøm seeks to contribute to the Danish realization that the green energy transition, not only is about buying power from sustainable energy sources but actively seeking to make energy improvements in the individual household and company with everything from LED lightening and digital thermostats to heating pumps, solar cells and charging points.

Part of the product offering include solar cells and heat pumps, which support the green transition in society. The company see no significant risk related to environment and/or climate but consider its business operations as a contributing factor to help its customers become more sustainable. However due to the decline in gas and electricity prices, the market for green products has been under pressure in 2023. Campaigns have been launched to mitigate this development.

The company has an extensive car fleet and has begun to renew part of the fleet with Electrical Vehicles (EVs) whenever possible. However not all vehicles, including the technician cars, used for longer distance drives, are suitable for change to EVs.

Otherwise, the company see no significant risk related to environment and climate.

Social and employee matters

Modstrøm adhere to be an attractive workplace, where only skills and personal qualifications are relevant for employment and potential for promotion. Hence Modstrøm has no targets for non-relevant factors like age, gender, ethnicity, etc.

Modstrøm support and encourage education, i.e. management training and graduate diplomas.

Modstrøm has implemented a yearly employee survey. The survey show, that the engagement of the employees in the company is on par with other companies. The result from the survey has resulted in a number of different activities to improve cross organizational communication, project management and corporation. The survey will be repeated yearly to monitor progress.

Furthermore, Modstrøm has implemented systems for reporting and monitoring of sick days and follow up on this. Ensuring validity in the data is ongoing.

Modstrøm has implemented a new policy for parental leave, where all employees, regardless of gender, get 6 months parental leave with full pay.

The company has had two work related incidents in 2023, none of which resulted in severe injuries. The company has analyzed the incidents and concluded, that current work safety policies are sufficient

Respect for human rights

Modstrøm has a zero-tolerance approach to discrimination and emphasize inclusion of all employees regardless of background.

Modstrøm has implemented a yearly employee survey as well as a whistleblower scheme. No incidents have been reported to the latter since it was established.

Anti-corruption and bribery matters

In general, all employees, managers and board members shall refrain from directly or indirectly, offer, provide, or accept gifts, money, donations or hospitality to or from any person.

The policy allow for customary and proportionate ceremonial and special occasion gifts like minor Christmas gifts, business lunches, etc.

Group Management does not consider any significant risks to be associated with the policies mentioned above and there have been no incidents related to compliance with the policies during the financial year.

Investigation by the Danish Utility Regulator

In the fall of 2023 the company was subject to an investigation conducted by the Danish Utility Regulars ("Forsyningstilsynet"). The investigation covered +10 power companies and was aimed towards the compliance with primarily the ("El-leveringsbekendtgørelsen") related to repayment of prepayment to customers. Modstrøms current processes were approved, however the company received "criticism" since the processes were not compliant at the start of the investigation (October 2022).

KPI's for policies

Several of the above-mentioned policies lack formal registration and KPI's, but the Company is working towards initiating such registration in 2024.

Gender composition of the management

Supreme management body

The company sees gender diversity on the Board of Directors as important to ensure that both genders are represented and can contribute to the company being viewed from different angles.

	31.12.23	31.12.22	31.12.21	31.12.20	30.06.20
Number of members	2	*)	*)	*)	*)
Underrepresented sex (%)	0%	*)	*)	*)	*)

*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Exempt from the requirement to set targets due to the Board of Directors having less than three members

The company's Board of Directors consists of 2 members. Since the company's Board of Directors has less than three members, there is no need to report on gender distribution in the Board of Directors. However, the company is not exempt from having to state the total number of people on the Board of Directors (see the table above).

Accounting policies

The gender diversity ratio in the supreme management body is calculated as the proportion of female board members on the Board of Directors. It only includes board members elected by the general meeting.

Other management levels

Other levels of management include the Executive Board, and people with responsibility for personnel who report directly to the Executive Board.

	31.12.23	31.12.22	31.12.21	31.12.20	30.06.20
Number of managers	13	*)	*)	*)	*)
Underrepresented sex (%)	8%	*)	*)	*)	*)
Target (%)	38%	*)	*)	*)	*)
Target figures expected to be met in year	2030	*)	*)	*)	*)

*) The table does not contain information for 2022 and earlier, in line with section 99 b(7) of the Danish Financial Statements Act.

Update on meeting targets

The company's other levels of management currently consist of 1 female manager out of a total of 13 managers (8%), which is 1 more since last year.

Description of material content of the policy

The company's policy and goal is to create a workplace with a diverse workforce at all levels of management that promotes equal opportunities irrespective of background, culture, religion, gender, etc. Management has adopted a policy to increase the proportion of the underrepresented gender at the other management levels, including the company's department managers.

The company has set a target for the underrepresented gender at other management levels of 38%. The company is working towards achieving the target before the end of 2030. It is however a very ambitious target as it is difficult to attach female applicants to this industry.

Significant actions taken during the financial year to achieve the target

The company wishes to have equal representation of men and women on other management levels and has therefore encouraged both genders to apply for open management positions.

Accounting policies

The gender diversity ratio at other management levels is calculated as the proportion of female managers with responsibility for personnel out of the total number of managers with responsibility for personnel at the other management levels.

Data ethics

The group has a strong focus on compliance with applicable data privacy laws, and focus on securing employees', customers', suppliers, and other stakeholders' data rights.

This focus is ensured through a Data Privacy policy, which is available on the Company web site and through continuous work on processes and controls to ensure compliance with GDPR regulation. Please refer to https://www.modstroem.dk/diverse/persondatapolitik/

The group has not adopted a formal policy on data ethics but expects to do so in the coming years.

Treasury shares

Treasury shares consist of:

	Purchase-/salesprice DKK'000	Quantity	Total nominal value DKK'000	Percent of capital
Holding of treasury shares as at 01.01.23		79,346	1	0%
Holding of treasury shares as at 31.12.23		79,346	1	0%

Income statement

Note		Group 2023 DKK '000	Group 2022 DKK '000	Parent 2023 DKK '000	Parent 2022 DKK '000
1	**Revenue**	**522,544**	**915,283**	**0**	**0**
	Work performed for own account and capitalised	5,273	5,702	0	0
	Other operating income	663	305	0	0
	Costs of raw materials and consumables	-247,288	-743,698	0	0
	Cost of sales	-82,398	-41,644	0	0
	Other external expenses	-53,362	-41,799	-142	-32
	Gross result	**145,432**	**94,149**	**-142**	**-32**
2	Staff costs	-89,955	-73,182	0	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses (EBITDA)	**55,477**	**20,967**	**-142**	**-32**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-25,497	-21,670	0	0
	Other operating expenses	-8	0	0	0
	Operating profit/loss (EBIT)	**29,972**	**-703**	**-142**	**-32**
4	Income from equity investments in group enterprises	0	0	16,920	-10,086
	Financial income	5,530	190	2	0
	Financial expenses	-6,522	-7,382	-1	-1
	Profit/loss before tax	**28,980**	**-7,895**	**16,779**	**-10,119**
	Tax on profit or loss for the year	-12,053	-2,120	31	7
	Profit/loss for the year	**16,927**	**-10,015**	**16,810**	**-10,112**

5 Proposed appropriation account

Balance sheet

ASSETS

Note		Group 31.12.23 DKK '000	Group 31.12.22 DKK '000	Parent 31.12.23 DKK '000	Parent 31.12.22 DKK '000
	Completed development projects	11,247	12,678	0	0
	Goodwill	174,945	126,972	0	0
	Development projects in progress	7,104	3,247	0	0
6	**Total intangible assets**	**193,296**	**142,897**	**0**	**0**
	Leasehold improvements	57	0	0	0
	Other fixtures and fittings, tools and equipment	1,623	1,227	0	0
7	**Total property, plant and equipment**	**1,680**	**1,227**	**0**	**0**
8	Equity investments in group enterprises	0	0	134,549	104,049
9	Other receivables	12,333	81,912	0	0
	Total investments	**12,333**	**81,912**	**134,549**	**104,049**
	Total non-current assets	**207,309**	**226,036**	**134,549**	**104,049**
	Manufactured goods and goods for resale	41,993	31,162	0	0
	Prepayments for goods	1,967	21,679	0	0
	Total inventories	**43,960**	**52,841**	**0**	**0**
	Work in progress for third parties	607	0	0	0
	Trade receivables	292,222	271,290	0	0
	Income tax receivable	0	0	1,531	7
	Other receivables	676	3,485	0	0
10	Prepayments	12,880	12,362	0	0
11	**Total receivables**	**306,385**	**287,137**	**1,531**	**7**
12	**Cash**	**118,028**	**161,993**	**11**	**148**
	Total current assets	**468,373**	**501,971**	**1,542**	**155**
	Total assets	**675,682**	**728,007**	**136,091**	**104,204**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.23 DKK '000	Group 31.12.22 DKK '000	Parent 31.12.23 DKK '000	Parent 31.12.22 DKK '000
13	Share capital	1,028	1,000	1,028	1,000
	Cash flow hedging reserve	0	2,120	0	0
	Retained earnings	133,227	100,628	133,373	103,011
	Total equity	**134,255**	**103,748**	**134,401**	**104,011**
14	Provisions for deferred tax	4,070	3,393	0	0
15	Other provisions	10,000	900	0	0
	Total provisions	**14,070**	**4,293**	**0**	**0**
16	Payables to other credit institutions	38,881	67,448	0	0
	Total long-term payables	**38,881**	**67,448**	**0**	**0**
16	Short-term part of long-term payables	35,000	12,419	0	0
	Payables to other credit institutions	288	82	0	0
	Prepayments received from customers	217,219	281,856	0	0
	Trade payables	98,341	138,194	78	83
	Payables to group enterprises	0	0	1,612	110
	Income taxes	10,183	2,326	0	0
	Other payables	127,445	117,641	0	0
	Total short-term payables	**488,476**	**552,518**	**1,690**	**193**
	Total payables	**527,357**	**619,966**	**1,690**	**193**
	Total equity and liabilities	**675,682**	**728,007**	**136,091**	**104,204**

17 Fair value information
18 Contingent liabilities
19 Charges and security
21 Related parties

Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Cash flow hedging reserve	Retained earnings	Total equity
Group:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	1,000	0	-2	110,905	111,903
Fair value adjustment of hedging instruments	0	0	2,721	0	2,721
Purchase of treasury shares	0	0	0	-110	-110
Other changes in equity	0	0	0	-152	-152
Tax on changes in equity	0	0	-599	0	-599
Net profit/loss for the year	0	0	0	-10,015	-10,015
Balance as at 31.12.22	1,000	0	2,120	100,628	103,748
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,000	0	2,120	100,628	103,748
Capital increase	28	15,672	0	0	15,700
Fair value adjustment of hedging instruments	0	0	-2,718	0	-2,718
Tax on changes in equity	0	0	598	0	598
Transfers to/from other reserves	0	-15,672	0	15,672	0
Net profit/loss for the year	0	0	0	16,927	16,927
Balance as at 31.12.23	1,028	0	0	133,227	134,255

Statement of changes in equity

Figures in DKK '000	Share capital	Share premium	Cash flow hedging reserve	Retained earnings	Total equity
Parent:					
Statement of changes in equity for 01.01.22 - 31.12.22					
Balance as at 01.01.22	1,000	0	0	111,111	112,111
Purchase of treasury shares	0	0	0	-110	-110
Other changes in equity	0	0	0	2,122	2,122
Net profit/loss for the year	0	0	0	-10,112	-10,112
Balance as at 31.12.22	1,000	0	0	103,011	104,011
Statement of changes in equity for 01.01.23 - 31.12.23					
Balance as at 01.01.23	1,000	0	0	103,011	104,011
Capital increase	28	15,672	0	0	15,700
Other changes in equity	0	0	0	-2,120	-2,120
Transfers to/from other reserves	0	-15,672	0	15,672	0
Net profit/loss for the year	0	0	0	16,810	16,810
Balance as at 31.12.23	1,028	0	0	133,373	134,401

Consolidated cash flow statement

Note		Group 2023 DKK '000	Group 2022 DKK '000
	Profit/loss for the year	**16,927**	**-10,015**
22	Adjustments	38,551	30,775
	Change in working capital:		
	Inventories	9,375	-44,384
	Receivables	54,238	-808
	Trade payables	-43,161	-54,783
	Other payables relating to operating activities	-50,585	169,586
	Cash flows from operating activities before net financials	**25,345**	**90,371**
	Interest income and similar income received	5,482	19
	Interest expenses and similar expenses paid	-5,734	-6,546
	Income tax paid	-2,921	-2,069
	Cash flows from operating activities	**22,172**	**81,775**
	Purchase of intangible assets	-6,528	-5,702
	Purchase of property, plant and equipment	-457	-276
	Sale of property, plant and equipment	134	190
	Acquisition of enterprises	-52,717	0
	Cash flows from investing activities	**-59,568**	**-5,788**
	Purchase of treasury shares	0	-110
	Repayment of long term payables to credit institutions	-13,471	-10,934
	Change in short sterm payables to credit institutions	206	-304
	Arrangement of payables to credit institutions	6,696	0
	Cash flows from financing activities	**-6,569**	**-11,348**
	Total cash flows for the year	**-43,965**	**64,639**
	Cash, beginning of year	161,993	97,354
	Cash, end of year	**118,028**	**161,993**
	Cash, end of year, comprises:		
	Cash	118,028	161,993
	Total	**118,028**	**161,993**

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000

1. Revenue

Information about the distribution of revenue by activities and geographical markets is provided below. The segment information is prepared in accordance with the company's accounting policies and follows the company's internal financial management.

Revenue comprises the following activities:				
Sale of power	407,621	859,919	0	0
Sale of energy improvements and other products	114,923	55,364	0	0
Total	522,544	915,283	0	0

Revenue comprises the following geographical markets:				
Revenue, Denmark	522,544	915,283	0	0

2. Staff costs

Wages and salaries	82,983	67,037	0	0
Pensions	3,243	2,204	0	0
Other social security costs	1,353	1,236	0	0
Other staff costs	2,376	2,705	0	0
Total	89,955	73,182	0	0

Average number of employees during the year	165	143	0	0

	Group		Parent	
	2023 DKK '000	2022 DKK '000	2023 DKK '000	2022 DKK '000

3. Fees to auditors appointed by the general meeting

Statutory audit of the financial statements	400	385	35	35
Other assurance engagements	20	0	0	0
Tax advice	100	215	15	15
Other services	230	250	25	25
Total	750	850	75	75

4. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	0	16,920	-10,086
Total	0	0	16,920	-10,086

5. Proposed appropriation account

Retained earnings	16,927	-10,015	16,810	-10,112
Total	16,927	-10,015	16,810	-10,112

6. Intangible assets

Figures in DKK '000	Completed development projects	Acquired rights	Goodwill	Development projects in progress	Total
Group:					
Cost as at 01.01.23	37,157	2,930	163,835	3,247	207,169
Additions during the year	1,790	0	68,739	4,738	75,267
Transfers during the year to/from other items	881	0	0	-881	0
Cost as at 31.12.23	39,828	2,930	232,574	7,104	282,436
Amortisation and impairment losses as at 01.01.23	-24,479	-2,930	-36,863	0	-64,272
Amortisation during the year	-4,102	0	-20,766	0	-24,868
Amortisation and impairment losses as at 31.12.23	-28,581	-2,930	-57,629	0	-89,140
Carrying amount as at 31.12.23	11,247	0	174,945	7,104	193,296

Capitalized development projects comprise improvements and new functionalities to own systems for identifications and sales of energy improvements solutions as well as own systems to ensure correct order taking and invoicing of customers according to the legislation. The development projects are completed and in use and is the corner stone in the group's future profit on energy improvement solutions and sale of electricity.

7. Property, plant and equipment

Figures in DKK '000	Leasehold improvements	Other fixtures and fittings, tools and equipment
Group:		
Cost as at 01.01.23	1,813	5,885
Additions during the year	64	1,159
Disposals during the year	0	-294
Cost as at 31.12.23	1,877	6,750
Depreciation and impairment losses as at 01.01.23	-1,813	-4,658
Depreciation during the year	-7	-621
Reversal of depreciation of and impairment losses on disposed assets	0	152
Depreciation and impairment losses as at 31.12.23	-1,820	-5,127
Carrying amount as at 31.12.23	57	1,623

8. Equity investments in group enterprises

Figures in DKK '000	Equity investments in group enterprises
Parent:	
Cost as at 01.01.23	125,487
Additions during the year	15,700
Cost as at 31.12.23	141,187
Depreciation and impairment losses as at 01.01.23	-21,981
Net profit/loss from equity investments	17,463
Fair value adjustment of hedging instruments	-2,120
Depreciation and impairment losses as at 31.12.23	-6,638
Carrying amount as at 31.12.23	134,549

8. Equity investments in group enterprises - continued -

Name and registered office:	Ownership interest
Subsidiaries:	
StandbyCo VII ApS, Copenhagen	100%
Modstrøm Danmark A/S, Copenhagen	100%
Dansk Forsyningsinkasso A/S, Copenhagen	100%
Aktant Technology A/S, Copenhagen	100%
Modstroem Deutschland G.m.b.H, Germany	100%
EasyGreen ApS, Copenhagen	100%

9. Other non-current financial assets

Figures in DKK '000	Other receivables
Group:	
Cost as at 01.01.23	81,912
Additions during the year	166
Disposals during the year	-69,745
Cost as at 31.12.23	12,333
Carrying amount as at 31.12.23	12,333

	Group		Parent	
	31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000

10. Prepayments

Prepaid costs	10,460	5,585	0	0
Energy taxes	2,420	6,777	0	0
Total	12,880	12,362	0	0

11. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	38,891	25,578	0	0

12. Cash

Cash includes bank deposits of DKK 250k which are deposited as collateral for a licence to operate.

13. Share capital

The share capital consists of:

	Quantity	Total nominal value DKK'000
Share capital	100,028,266	1,028
Total		1,028
Capital increase during the financial year	28,266	28

The group has issued warrants for senior employees and the executive board as part of an incentive programme, which allows the employees to subscribe for shares in the group. The total subscription rights issued as of 31 December 2023 allow the employees to subscribe of up to 3,015,750 shares corresponding to a nominal value of DKK 30k and 2,9% of the share capital. The warrants can be exercised in connection with an Exit meaning any transaction by which a majority shareholder ceases to control the group or in the period 1 January 2027 to 31 December 2027 at a prearanged subscription price. The warrants are allocated and granted to certain management members and employees by the discretion of the Board of Directors.

	Group		Parent	
	31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000
14. Deferred tax				
Deferred tax as at 01.01.23	3,393	3,110	0	0
Deferred tax recognised in the income statement	677	283	0	0
Deferred tax as at 31.12.23	4,070	3,393	0	0
Deferred tax is distributed as below:				
Intangible assets	4,082	3,441	0	0
Property, plant and equipment	-12	-48	0	0
Total	4,070	3,393	0	0

15. Other provisions

Figures in DKK '000	Other provisions
Group:	
Provisions as at 01.01.23	1,000
Provisions during the year	9,000
Provisions as at 31.12.23	10,000

	31.12.23 DKK '000	31.12.22 DKK '000	31.12.23 DKK '000	31.12.22 DKK '000
Other provisions are expected to be distributed as follows:				
Non-current liabilities	4,300	0	0	0
Current liabilities	5,700	900	0	0
Total	10,000	900	0	0

Other provisions comprise expected payments to settled customers. The provisions are expected to be distributed as shown above. The provision, and its distrubition, is based on historical payment data.

16. Long-term payables

Figures in DKK '000	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.23	Total payables at 31.12.22
Group:				
Payables to credit institutions	35,000	0	73,881	79,867
Total	35,000	0	73,881	79,867

17. Fair value information

Figures in DKK '000	Derivative financial instruments
Group:	
Fair value as at 31.12.23	0
Unrealised changes of fair value recognised in equity for the year	-2,718

The interest derivative product was entered into with a Danish bank as the counterparty.

18. Contingent liabilities

Group:

Lease commitments

The group has concluded lease and rent agreements with terms to maturity of 3-60 months and with a total contractual obligation of DKK 9,522k.

Parent:

Other contingent liabilities

The company is taxed jointly with the other Danish companies in the group and has joint, several and unlimited liability for income taxes and any obligations to withhold tax at source on interest, royalties and dividends for the jointly taxed companies. The liability also includes any subsequent corrections to the calculated tax liability as a consequence of changes made to the jointly taxable income etc.

19. Charges and security

Group:

Account with electricity supplier of DKK 10,000k disclosed under other receivables (total investments), has been put up as security for trade payables.

The group has provided a company charge of DKK 51,500k , as security for debt credit institutions. As of 31.12.23, the company charge comprises of the following assets with the following carrying amounts.
- Goodwill and intellectual property rights, DKK 26,412k
- Other plant, fixtures and fittings, tools and equipment, DKK 1,444k
- Inventories, DKK 43,960k
- Trade receivables, DKK 288,224k

The group has provided collateral in foreign exchange bank account for debt, totalling DKK 81k. Debt to credit institutions, toalling af credit maximum of DKK 89,668k.

Parent:

The company has provided collateral in equity investments in group enterprises for group enterprise's debt, totaling DKK 74,941k, debt in group enterprise to credit institutions totaling a credit maximum of DKK 80,130k. The carrying amount of equity investments in group enterprises amount to DKK 135,092k. In addition the company has provided security of DKK 105,116k to group enterprises' credit institutions.

20. Uncertainty concerning recognition and measurement

In the financial statements for 2023, it is important to note the following uncertainty as regards recognition and measurement as it has had a significant influence on the assets and liabilities recognised in the financial statements:

The Group has recognized goodwill amoutning to DKK 174.9 and in the parent Company the goodwill has been recognized as part of Equity investments in group enterprises. The uncertainty relates to measurement of goodwill amouting to DKK 56.3m and is based on significantly improved earnings and cash flow for the related activity. The most essential assumption in the budgets is that the Group will be capable of recruiting and maintaining a number of sales personnel and that qualifications and performance of the new sales personnel meets the qualifications of the current personnel within a period of 3 months.

Management also expects that lower sales prices will increase the sales. Management has based this assumption on the historical sales rates which were significantly higher than the currently budgeted sales rates for 2024 and 2025.

Finally, it is Management’s expectations that the demand for solar cells will increase in general and that the market will stabilize during 2025 and as such Management expects a slightly increased gross margin during 2025.

The above assumptions are subject to uncertainty, especially in regards of the time frame for stabilization of the solar cell market.

If the assumptions are not met and the expected earnings deviate with more than 25% from the current budgets, the goodwill in the Group financial statements as well as in the parent financial statements (i.e. the measurement of the Equity investments in group enterprises) will be subject to impairment. It is Management's assessment that the assumptions will be met but that the uncertainties described above exists.

21. Related parties

Controlling influence	Basis of influence
Standbyco 19 B.V., Holland	Majority shareholder of StandbyCo VI ApS

Related party transactions are not disclosed, as all transactions are entered into in the ordinary course of business at arms' length.

	Group	
	2023 DKK '000	2022 DKK '000

22. Adjustments for the cash flow statement

	2023 DKK '000	2022 DKK '000
Other operating income	0	-55
Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	25,497	21,670
Other operating expenses	8	0
Financial income	-5,530	-190
Financial expenses	6,523	7,382
Tax on profit or loss for the year	12,053	2,120
Other adjustments	0	-152
Total	38,551	30,775

23. Accounting policies

GENERAL

The annual report is presented in accordance with the provisions of the Danish Financial Statements Act for large groups and enterprises in reporting class C.

The accounting policies have been applied consistently with previous years.

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 depreciation, amortisation, impairment losses and write-downs, 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 company, and the value of such assets can be measured reliably. Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of such liabilities can be measured reliably. On initial recognition, assets and liabilities are measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

On recognition and measurement, account is taken of foreseeable losses and risks arising before the date at which the annual report is presented and proving or disproving matters arising on or before the balance sheet date.

CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements comprise the parent and its subsidiaries in which the parent directly or indirectly holds more than 50% of the voting rights or by way of agreements exercises control.

All financial statements used for consolidation are prepared in accordance with the accounting policies of the group.

The consolidated financial statements consolidate the financial statements of the parent and its subsidiaries by adding together items of a uniform nature, eliminating intercompany income and expenditure, equity investments, intercompany balances and dividends as well as gains and losses resulting from transactions between the consolidated enterprises to the extent that the underlying assets and liabilities are not realised.

23. Accounting policies - continued -

BUSINESS COMBINATIONS

Newly acquired or newly founded enterprises are recognised as from the date of acquisition and the date of foundation, respectively. The date of acquisition is the date at which control of the enterprise is obtained. Divested or discontinued enterprises are recognised until the date of divestment or discontinuation. The date of discontinuation is the date at which control of the enterprise passes to a third party.

Acquired enterprises are recognised in accordance with the acquisition method, according to which the identifiable assets and liabilities of the newly acquired enterprises are measured at fair value at the date of acquisition.

Fair value is based on management's best estimate at the date of acquisition.

The cost of the equity investments in the acquired enterprises is offset against the proportionate share of the fair value of the enterprises' net assets at the acquisition date.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets. Goodwill from acquired enterprises is adjusted until 12 months after the acquisition date.

CURRENCY

The annual report is presented in Danish kroner (DKK).

On initial recognition, transactions denominated in foreign currencies are translated using the exchange rates applicable at the transaction date. Exchange rate differences between the exchange rate applicable at the transaction date and the exchange rate at the date of payment are recognised in the income statement as a financial item. Receivables, payables and other monetary items denominated in foreign currencies are translated using the exchange rates applicable at the balance sheet date. The difference between the exchange rate applicable at the balance sheet date and at the date at which the receivable or payable arose or was recognised in the latest annual report is recognised under financial income or expenses in the income statement. Fixed assets, inventories and other non-monetary assets acquired in foreign currencies are translated using historical exchange rates.

On recognition of independent foreign entities, the income statements are translated at the exchange rates applicable at the transaction date or approximate average exchange rates. The balance sheet items are translated using the exchange rates applicable at the balance sheet date. Foreign currency translation adjustments arising from the translation of equity at the beginning of the year using the exchange rates applicable at the balance sheet date and from the translation of income statements from average exchange rates to the exchange rates applicable at the balance sheet date are recognised directly in equity under the reserve for net revaluation according to the equity method in

23. Accounting policies - continued -

respect of investments measured according to the equity method, and otherwise under the foreign currency translation reserve.

Translation adjustments of intercompany balances with independent foreign entities, measured using the equity method and where the balance is considered to be part of the overall investment, are recognised directly in equity under the foreign currency translation reserve. On the divestment of foreign entities, accumulated exchange differences are recognised in the income statement.

DERIVATIVE FINANCIAL INSTRUMENTS

On initial recognition, derivative financial instruments are measured at cost. Subsequently, they are measured at fair value and recognised under other receivables and other payables, respectively.

Fair value adjustment of derivative financial instruments classified as and meeting the criteria for hedging future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. In the event that the hedged transaction results in the recognition of an asset or a liability, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be included in the cost of the asset or the liability. In the event that the hedged transaction results in the recognition of an income or an expense, the accumulated fair value adjustment of the hedging instrument, which was previously recognised in equity, will be recognised together with the hedged income or expense.

If the hedged transaction is no longer expected to occur, the cash flow hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument is transferred to other net financials in the income statement. If the hedged transaction is still expected to occur, but the criteria for cash flow hedging are no longer met, the hedging treatment is discontinued, and the accumulated fair value adjustment of the hedging instrument remains in equity until the transaction occurs.

Fair value adjustments of derivative financial instruments that do not meet the criteria for hedge accounting treatment are recognised under other net financials in the income statement on an ongoing basis.

LEASES

Lease payments relating to operating leases are recognised in the income statement on a straight-line basis over the lease term.

23. Accounting policies - continued -

INCOME STATEMENT

Revenue

Income from the sale of goods is recognised in the income statement if delivery has taken place and the risk has passed to the buyer before the end of the financial year and where the selling price can be determined reliably and is expected to be paid. Revenue is measured at fair value and is determined exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

Income from the sale of services is recognised in the income statement in line with completion of services, which means that revenue corresponds to the selling price of the work performed for the year stated on the basis of the stage of completion at the balance sheet date (percentage of completion method).

Work performed for own account and capitalised

Work performed for own account and capitalised comprises cost of sales, wages and salaries and other internal expenses incurred during the year and included in the cost of self-constructed or self-produced intangible assets and property, plant and equipment.

Other operating income

Other operating income comprises income of a secondary nature in relation to the enterprise's activities, including rental income, negative goodwill and gains on the sale of intangible assets and property, plant and equipment.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise raw materials and consumables used for the year.

Cost of sales

Cost of sales comprises cost of sales for the year measured at cost plus any changes in inventories, including write-downs to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise selling costs, vehicle expenses, cost of premises and administrative expenses as well as other capacity costs, including bad debts to the extent that these do not exceed normal write-downs.

23. Accounting policies - continued -

Staff costs

Staff costs comprise wages and salaries as well as other staff-related costs.

Depreciation, amortisation and impairment losses

The depreciation and amortisation of intangible assets and property, plant and equipment aim at systematic depreciation and amortisation over the expected useful lives of the assets. Assets are depreciated and amortised according to the straight-line method based on the following expected useful lives and residual values:

	Useful lives, years	Residual value, per cent
Completed development projects	5	0
Acquired rights	3	0
Goodwill	5-10	0
Leasehold improvements	5	0
Other plant, fixtures and fittings, tools and equipment	3-5	0

Goodwill is amortised over 5-10 years. The useful life has been determined in consideration of the expected future net earnings of the enterprise or activity to which the goodwill relates.

The basis of depreciation and amortisation is the cost of the asset less the expected residual value at the end of the useful life. Moreover, the basis of depreciation and amortisation is reduced by any impairment losses. The useful life and residual value are determined when the asset is ready for use and reassessed annually.

Intangible assets and property, plant and equipment are impaired in accordance with the accounting policies referred to in the ‘Impairment losses on fixed assets’ section.

Other operating expenses

Other operating expenses comprise costs of a secondary nature in relation to the enterprise’s activities, including costs relating to rental activities and losses on the sale of intangible assets and property, plant and equipment.

Income from equity investments in group entreprises

For equity investments in subsidiaries that in the parent are measured using the equity method, the share of the enterprises’ profit or loss is recognised in the income statement after elimination of unrealised intercompany profits and losses and less any goodwill amortisation and impairment losses.

23. Accounting policies - continued -

Income from equity investments in equity investments in subsidiaries also comprises gains and losses on the sale of equity investments.

Other net financials

Interest income and interest expenses, foreign exchange gains and losses on transactions denominated in foreign currencies etc. are recognised in other net financials.

Tax on profit/loss for the year

The current and deferred tax for the year is recognised in the income statement as tax on the profit/loss for the year with the portion attributable to the profit/loss for the year, and directly in equity with the portion attributable to amounts recognised directly in equity.

The company is jointly taxed with Danish consolidated enterprises. The parent is the administration company for the joint taxation and thus settles all income tax payments with the tax authorities.

In connection with the settlement of joint taxation contributions, the current Danish income tax is allocated between the jointly taxed enterprises in proportion to their taxable incomes. This means that enterprises with a tax loss receive joint taxation contributions from enterprises which have been able to use this loss to reduce their own taxable profit.

BALANCE SHEET

Intangible assets

Completed development projects and development projects in progress

Development projects are recognised in the balance sheet where the project aims at developing a specific product or a specific process, intended to be produced or used, respectively, by the company in its production process. On initial recognition, development projects are measured at cost. Cost comprises the purchase price plus expenses resulting directly from the purchase, including wages and salaries directly attributable to the development projects until the asset is ready for use. Interest on loans arranged to finance development projects in the development period is not included in the cost. Other development projects and development costs are recognised in the income statement in the year in which they are incurred.

Development projects in progress are transferred to completed development projects when the asset is ready for use.

Development projects are subsequently measured in the balance sheet at cost less accumulated

23. Accounting policies - continued -

amortisation and impairment losses.

Completed development projects are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Acquired rights

Aquired rights are measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Acquired rights are amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Goodwill

Goodwill is measured in the balance sheet at cost less accumulated amortisation and impairment losses.

Goodwill is amortised using the straight-line method based on useful lives, which are stated in the ‘Depreciation, amortisation and impairment losses’ section.

Gains or losses on the disposal of intangible assets

Gains or losses on the disposal of intangible assets are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal.

Property, plant and equipment

Property, plant and equipment comprise leasehold improvements as well as other fixtures and fittings, tools and equipment.

Property, plant and equipment are measured in the balance sheet at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and expenses resulting directly from the purchase until the asset is ready for use. Interest on loans arranged to finance production is not included in the cost.

Property, plant and equipment are depreciated using the straight-line method based on useful lives and residual values, which are stated in the ‘Depreciation, amortisation and impairment losses' section.

Gains and losses on the disposal of property, plant and equipment are determined as the difference between the selling price, if any, less selling costs and the carrying amount at the date of disposal less any costs of disposal.

23. Accounting policies - continued -

Equity investments in group entreprises

Equity investments in subsidiaries are recognised and measured according to the equity method in the balance sheet of the parent. For equity investments in subsidiaries, the equity method is considered a consolidation method.

Accounting policies for the acquisition of subsidiaries are stated in the 'Business combinations' section.

On initial recognition, equity investments measured according to the equity method are measured at cost. Transaction costs directly attributable to the acquisition are recognised in the income statement at the date incurred.

On subsequent recognition and measurement of equity investments according to the equity method, equity investments are measured at the proportionate share of the enterprises' equity value, determined according to the accounting policies of the parent, adjusted for the remaining value of goodwill and gains and losses on transactions with the enterprises in question. Equity investments, where information for recognition according to the equity method is not known, are measured at cost.

Equity investments with a negative carrying amount are measured at DKK 0. Receivables that are considered part of the combined investment in the enterprises in question are impaired by any remaining negative equity value. Other receivables from such enterprises are impaired to the extent that such receivables are considered uncollectible. Provisions to cover the remaining negative equity value are recognised to the extent that the parent has a legal or constructive obligation to cover the liabilities of the enterprise in question.

On the acquisition of non-controlling interests in subsidiaries, the difference between the consideration and the carrying amount of the equity investments is recognised in the parent's equity.

Goodwill recognised under equity investments is amortised according to the straight-line method based on an individual assessment of the useful life of the asset. The useful life of goodwill has been determined at 10 years for equity investments in subsidiaries. The useful life has been determined in consideration of the expected future net earnings of the enterprise to which the goodwill relates.

Gains or losses on disposal of equity investments are determined as the difference between the disposal consideration and the carrying amount of net assets at the time of sale, including non-amortised goodwill, as well as the expected costs of divestment or discontinuation. Gains and losses are recognised in the income statement under income from equity investments.

On disposal of non-controlling interests in subsidiaries that do not result in loss of control of the subsidiary, the difference between the consideration and the equity value of the equity investments is recognised in the parent's equity.

23. Accounting policies - continued -

Impairment losses on fixed assets

The carrying amount of fixed assets which are not measured at fair value is assessed annually for indications of impairment over and above what is reflected in depreciation and amortisation.

If the company's realised return on an asset or a group of assets is lower than expected, this is considered an indication of impairment.

If there are indications of impairment, an impairment test is conducted of individual assets or groups of assets.

The assets or groups of assets are impaired to the lower of recoverable amount and carrying amount.

The higher of net selling price and value in use is used as the recoverable amount. The value in use is determined as the present value of expected net cash flows from the use of the asset or group of assets as well as expected net cash flows from the sale of the asset or group of assets after the expiry of their useful lives.

Impairment losses are reversed when the reasons for the impairment no longer exist. Impairment losses on goodwill are not reversed, unless goodwill is included in the carrying amount of equity investments.

Inventories

Inventories are measured at cost calculated according to the FIFO-method. Inventories are written down to the lower of cost and net realisable value.

The cost of raw materials and consumables as well as goods for resale is determined as purchase prices plus expenses resulting directly from the purchase.

The net realisable value of inventories is determined as the selling price less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and the expected development in the selling price.

Receivables

Receivables are measured at amortised cost, which usually corresponds to the nominal value, less write-downs for bad debts.

Write-downs for bad debts are determined based on an individual assessment of each receivable if there is no objective evidence of individual impairment of a receivable.

23. Accounting policies - continued -

Work in progress for third parties

Work in progress for third parties is determined as the value of direct material and labour costs less prepayments associated with each piece of work in progress. Interest on loans arranged to finance production is not included in the cost.

Prepayments

Prepayments recognised under assets comprise costs incurred in respect of subsequent financial years.

Cash

Cash includes deposits in bank account.

Equity

The net revaluation of equity investments measured according to the equity method is recognized in the financial statements of the parent in the net revaluation reserve in equity according to the equity method to the extent that the carrying amount exceeds the cost.

Unrealised gains and losses on financial instruments classified as and meeting the criteria for hedging of future cash flows (cash flow hedging) are recognised in equity under the cash flow hedging reserve. The reserve is measured less deferred tax. The reserve is dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Acquisition costs and consideration for treasury shares as well as dividends therefrom are recognised directly in equity under retained earnings.

Provisions

Other provisions comprise expected payments to settled customers and are recognised when the company has a legal or constructive obligation at the balance sheet date and it is probable that such obligation will draw on the financial resources of the company. Provisions are measured at net realisable value or fair value if the provision is expected to be settled over the longer term.

23. Accounting policies - continued -

Current and deferred tax

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

Joint taxation contributions payable and receivable are recognised as income tax under receivables or payables in the balance sheet.

Deferred tax liabilities and tax assets are recognised on the basis of all temporary differences between the carrying amounts and tax bases of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is non-amortisable for tax purposes and other items where temporary differences, except for acquisitions, have arisen at the date of acquisition without affecting the net profit or loss for the year or the taxable income. In cases where the tax value can be determined according to different taxation rules, deferred tax is measured on the basis of management's intended use of the asset or settlement of the liability.

Deferred tax assets are recognised, following an assessment, at the expected realisable value through offsetting against deferred tax liabilities within the same tax jurisdiction or elimination in tax on future earnings.

Deferred tax is measured on the basis of the tax rules and at the tax rates in the respective countries which, according to the legislation in force at the balance sheet date, will be applicable when the deferred tax is expected to crystallise as current tax.

Payables

Long-term payables are measured at cost at the time of contracting such liabilities (raising of the loan). The payables are subsequently measured at amortised cost where capital losses and loan expenses are recognised in the income statement as a financial expense over the term of the payable on the basis of the calculated effective interest rate in force at the time of contracting the liability.

Short-term financial payables are measured at amortised cost, normally corresponding to the nominal value of such payables. Other short-term payables are measured at net realisable value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to the time and date of delivery of the agreed product or completion of the agreed service.

23. Accounting policies - continued -

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method, showing cash flows from operating, investing and financing activities as well as cash and cash equivalents at the beginning and end of the year.

Cash flows from operating activities comprise the net profit or loss for the year, adjusted for non-cash operating items, income tax paid and changes in working capital.
Cash flows from investing activities comprise payments in connection with the acquisition and divestment of companies and financial assets as well as the purchase, development, improvement and sale of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the parent's share capital and associated costs and the purchase and sale of treasury shares and financing from and dividends paid to shareholders as well as the arrangement and repayment of long-term payables.

Cash and cash equivalents at the beginning and end of the year comprise cash.

Referring to section 86(4) of the Danish Financial Statements Act a cash flow statement has not been prepared for the parent as the parent is included in the consolidated cash flow statement.