BEIERHOLM
VI SKABER BALANCE

StandbyCo VI ApS

Islands Brygge 43, 1., 2300 København S

CVR no. 41 47 96 55

Annual report
for the financial year 01.07.20 - 31.12.20

Årsrapporten er godkendt på den
ordinære generalforsamling, d. 20.05.21

Anders Millgaard
Dirigent

Table of contents

Group information etc.

The company

StandbyCo VI ApS
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

Kaspar Ronald Kristiansen
Michael Toxværd Hansen

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 01.07.20 - 31.12.20 for StandbyCo VI ApS.

The annual report is presented in accordance with Danish Financial Statements Act (Årsregnskabsloven).

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 31.12.20 and of the results of the group's and parent's activities and of the group's cash flows for the financial year 01.07.20 - 31.12.20.

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, April 27, 2021

Executive Board

Anders Dissing Millgaard

Board of Directors

Kaspar Ronald Kristiansen
Chairman

Michael Toxværd Hansen

To the capital owner of StandbyCo VI ApS

Opinion

We have audited the consolidated financial statements and parent company financial statements of StandbyCo VI ApS for the financial year 01.07.20 - 31.12.20, which comprise the income statement, balance sheet, statement of changes in equity and notes to the financial statements, including a summary of 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 parent company financial statements are prepared in accordance with Danish Financial Statements Act (Årsregnskabsloven).

In our opinion the consolidated financial statements and parent company financial statements give a true and fair view of the group's and the parent company's assets, liabilities and financial position at 31.12.20 and of the results of the group's and the parent company's operations and the consolidated cash flows for the financial year 01.07.20 - 31.12.20 in accordance with the Danish Financial Statements Act (Årsregnskabsloven).

Basis for conclusion

We conducted our audit in accordance with International Standards on Auditing 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 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' 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Management's responsibility for the consolidated financial statements and parent company financial statements

The 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. Furthermore the Management is responsible for the internal control as the Management determines is necessary to enable the preparation of consolidated financial statements and 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 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 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 International Standards on Auditing 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 International Standards on Auditing and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional skepticism 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 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 per-formance of the group audit. We remain solely responsible for our audit opinion.

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

Statement regarding the 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 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 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 Acts. We did not identify any material misstatement of management's review.

Soeborg, Copenhagen, April 27, 2021

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	01.07.20 31.12.20
Profit/loss	
Revenue	67,365
Index	100
Operating loss	-2,701
Index	100
Total net financials	-2,717
Index	100
Loss for the year	-6,485
Index	100
Balance	
Total assets	480,894
Index	100
Investments in property, plant and equipment	156
Index	100
Equity	119,361
Index	100
Cashflow	
Net cash flow:	
Operating activities	-16,231
Investing activities	-77,137
Financing activities	226,189
Cash flows for the year	132,821

Primary activities

The company's objects are as a holding company to hold, directly or indirectly, shares or other financial instruments in companies carrying on business activities. The company was established in July 2020 and bought Modstrøm Danmark A/S in September 2020.

Modstrøm is a supplier of energy and green transition, which is 100% independent of the incumbents providing grid services and regulated energy products 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 service Level packages which enables the consumer to
- Reduce energy consumption through change in cosumer behavior.
- Move energy consumption to night time, 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, including
- 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 saving through implementation of energy improvements i.e. insolation, change of heating systems, replacement of appliances, lightning, ventilation etc.

- Information and activation of energy consumers through the "Energy at Eye Level" program, with the purpose of building motivation for reduction of energy consumption.
- Development of new and innovative products and services, adding considerable value for energy consumers

The Company 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.

Development in activities and financial affairs

The income statement for the period 01.07.20 - 31.12.20 shows a profit/loss of DKK -6,484,723. The balance sheet shows equity of DKK 119,361,295.

In September 2020, the Modstrøm Danmark A/S was acquired by Waterland Private Equity, as a base investment within energy, sustainability and green transition.
The acquisition resulted in a series of restructuring and transaction cost, which has affected the gross profit as well as the result in a negativ way.

In year 2020 the group has invested in technology and build up capacity and competences to deliver energy improvements, executing the company's strategy to create value for customers through energy improvements.

Thus, management considers the net profit for the year to be satisfactory.

Outlook

In the financial year 2021, the group expects to realize revenue of DKK 290 million excl. taxes, and EBITDA of approximately DKK 35 million. At the same time the group anticipates continuing to grow and expects by the end of 2021 to increase the power portfolio and added a significant portfolio of energy improvement projects.

Because of the new ownership, the group expects that the activitites are expanded through both organic growth and acquisitions.

Research and development activities

Modstrøm Denmark A/S has developed a unique platform for energy analysis of energy improvements/renovation in private one family houses. The solution conducts calculations and analysis on i.e. one family houses, townhouses and apartments, why the service can be offered to the total market for private consumers.

A new user interface has been developed, and a new calculation concept, enabling Modstrøm consultants to provide energy calculations in dialog with the customer. This ensures that a very large number of customers will be able to carry out an energy calculation.

Modstrøm Denmark A/S 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 number of subcontractors responsible for the delivery of i.e. insulation, windows, lightning, heat pumps, heating services and other energy improvements services.

Subsequent events

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

Corporate Governance Report
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 Comittee for Corporate Governance.

Income statement

Note		Group	Parent
		01.07.20 31.12.20 DKK	01.07.20 31.12.20 DKK
	Revenue	**67,365,266**	**0**
	Costs of raw materials and consumables	-32,290,370	0
	Other external expenses	-16,244,502	-71,250
	Gross result	**18,830,394**	**-71,250**
1	Staff costs	-15,924,326	0
	Profit/loss before depreciation, amortisation, write-downs and impairment losses	**2,906,068**	**-71,250**
	Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	-5,607,184	0
	Loss before net financials	**-2,701,116**	**-71,250**
2	Income from equity investments in group enterprises	0	-6,189,190
	Financial income	97,162	0
	Financial expenses	-2,814,095	0
	Loss before tax	**-5,418,049**	**-6,260,440**
	Tax on loss for the year	-1,066,674	15,675
	Loss for the year	**-6,484,723**	**-6,244,765**
3	Distribution of net profit		

Balance sheet

ASSETS

Note		Group 31.12.20 DKK	Parent 31.12.20 DKK
	Completed development projects	9,161,672	0
	Acquired rights	277,777	0
	Goodwill	159,739,291	0
	Development projects in progress	3,865,781	0
4	**Total intangible assets**	**173,044,521**	**0**
	Leasehold improvements	548,496	0
	Other fixtures and fittings, tools and equipment	1,111,772	0
5	**Total property, plant and equipment**	**1,660,268**	**0**
6	Equity investments in group enterprises	0	119,656,828
6	Other investments	1,000,000	0
7	Other receivables	2,038,740	0
	Total investments	**3,038,740**	**119,656,828**
	Total non-current assets	**177,743,529**	**119,656,828**
	Manufactured goods and goods for resale	1,309,334	0
	Total inventories	**1,309,334**	**0**
8	Work in progress for third parties	30,872	0
	Trade receivables	159,956,522	0
	Income tax receivable	0	15,675
	Other receivables	38,142	0
9	Prepayments	8,994,568	0
10	**Total receivables**	**169,020,104**	**15,675**
11	**Cash**	**132,821,014**	**0**
	Total current assets	**303,150,452**	**15,675**
	Total assets	**480,893,981**	**119,672,503**

Balance sheet

EQUITY AND LIABILITIES

Note		Group 31.12.20 DKK	Parent 31.12.20 DKK
12	Share capital	1,000,000	1,000,000
	Reserve for development costs	145,532	0
	Cash flow hedging reserve	-184,034	0
	Retained earnings	118,399,797	118,601,253
	Total equity	**119,361,295**	**119,601,253**
13	Provisions for deferred tax	2,631,058	0
14	Other provisions	1,719,230	0
	Total provisions	**4,350,288**	**0**
15	Payables to other credit institutions	89,708,696	0
15	Other payables	2,756,260	0
	Total long-term payables	**92,464,956**	**0**
15	Short-term part of long-term payables	6,957,233	0
	Payables to other credit institutions	3,493,362	0
	Prepayments received from customers	134,503,607	0
	Trade payables	72,244,788	71,250
	Income taxes	1,039,064	0
	Other payables	46,249,781	0
16	Deferred income	229,607	0
	Total short-term payables	**264,717,442**	**71,250**
	Total payables	**357,182,398**	**71,250**
	Total equity and liabilities	**480,893,981**	**119,672,503**

17 Fair value information
18 Derivative financial instruments
19 Contingent liabilities
20 Charges and security

Statement of changes in equity

Figures in DKK	Share capital	Share premium	Reserve for development costs	Cash flow hedging reserve	Retained earnings	Total equity
Group:						
Statement of changes in equity for 01.07.20 - 31.12.20						
Capital contributed on establishment	40,000	0	0	0	0	40,000
Capital increase	960,000	125,030,052	0	0	0	125,990,052
Fair value adjustment of hedging instruments	0	0	0	-235,941	0	-235,941
Tax on changes in equity	0	0	-41,047	51,907	41,047	51,907
Transfers to/from other reserves	0	-125,030,052	186,579	0	124,843,473	0
Net profit/loss for the year	0	0	0	0	-6,484,723	-6,484,723
Balance as at 31.12.20	1,000,000	0	145,532	-184,034	118,399,797	119,361,295
Parent:						
Statement of changes in equity for 01.07.20 - 31.12.20						
Capital contributed on establishment	40,000	0	0	0	0	40,000
Capital increase	960,000	125,030,052	0	0	0	125,990,052
Other changes in equity	0	0	0	0	-184,034	-184,034
Transfers to/from other reserves	0	-125,030,052	0	0	125,030,052	0
Net profit/loss for the year	0	0	0	0	-6,244,765	-6,244,765
Balance as at 31.12.20	1,000,000	0	0	0	118,601,253	119,601,253

Consolidated cash flow statement

Note		Group 01.07.20 31.12.20 DKK
	Loss for the year	**-6,484,723**
21	Adjustments	9,390,791
	Change in working capital:	
	Inventories	133,266
	Receivables	-18,751,199
	Trade payables	51,938
	Other payables relating to operating activities	5,601,009
	Cash flows from operating activities before net financials	**-10,058,918**
	Interest income and similar income received	12,224
	Interest expenses and similar expenses paid	-2,661,865
	Income tax paid	-3,522,694
	Cash flows from operating activities	**-16,231,253**
	Purchase of intangible assets	-1,433,400
	Purchase of property, plant and equipment	-155,676
	Acquisition of enterprise	-75,548,000
	Cash flows from investing activities	**-77,137,076**
	Raising of additional capital	126,030,052
	Arrangement of mortgage debt	100,159,291
	Cash flows from financing activities	**226,189,343**
	Total cash flows for the year	**132,821,014**
	Cash, beginning of year	0
	Cash, end of year	**132,821,014**
	Cash, end of year, comprises:	
	Cash	132,821,014
	Total	**132,821,014**

Notes

	Group	Parent
	01.07.20 31.12.20 DKK	01.07.20 31.12.20 DKK

1. Staff costs

Wages and salaries	14,856,320	0
Pensions	316,536	0
Other social security costs	277,628	0
Other staff costs	473,842	0
Total	15,924,326	0
Average number of employees during the year	129	1

Remuneration for the management:

Remuneration for the Executive Board and Board of Directors	1,042,361	0

2. Income from equity investments in group enterprises

Share of profit or loss of group enterprises	0	-6,189,190

3. Distribution of net profit

Retained earnings	-6,484,723	-6,244,765

4. Intangible assets

Figures in DKK	Completed developmen t projects	Acquired rights	Goodwill	Developmen t projects in progress
Group:				
Additions relating to mergers and acquisition of enterprises	23,699,045	2,805,160	198,282,303	2,899,336
Additions during the year	341,955	125,000	0	966,445
Cost as at 31.12.20	24,041,000	2,930,160	198,282,303	3,865,781
Additions relating to mergers and acquisition of enterprises	-13,757,507	-2,596,827	-34,351,391	0
Amortisation during the year	-1,121,821	-55,556	-4,191,621	0
Amortisation and impairment losses as at 31.12.20	-14,879,328	-2,652,383	-38,543,012	0
Carrying amount as at 31.12.20	9,161,672	277,777	159,739,291	3,865,781

The group develops its own systems for identifications and own systems to ensure correct order taking and invoicing of customers according to the legislation. The development projects are the corner stone in the company's future profit on energy improvement solutions and sale of electricity.

5. Property, plant and equipment

Figures in DKK	Leasehold improvements	Other fixtures and fittings, tools and equipment
Group:		
Additions relating to mergers and acquisition of enterprises	1,813,097	5,337,606
Additions during the year	0	155,675
Cost as at 31.12.20	1,813,097	5,493,281
Additions relating to mergers and acquisition of enterprises	-1,194,248	-4,213,677
Depreciation during the year	-70,353	-167,832
Depreciation and impairment losses as at 31.12.20	-1,264,601	-4,381,509
Carrying amount as at 31.12.20	548,496	1,111,772

6. Investments

Figures in DKK	Equity investments in group enterprises	Other investments
Group:		
Additions relating to mergers and acquisition of enterprises	0	1,000,000
Cost as at 31.12.20	0	1,000,000
Carrying amount as at 31.12.20	0	1,000,000
Parent:		
Additions during the year	126,030,052	0
Cost as at 31.12.20	126,030,052	0
Net profit/loss from equity investments	-6,189,190	0
Fair value adjustment of hedging instruments	-184,034	0
Revaluations as at 31.12.20	-6,373,224	0
Carrying amount as at 31.12.20	119,656,828	0

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%

7. Other non-current financial assets

Figures in DKK	Other receivables
Group:	
Additions relating to mergers and acquisition of enterprises	1,549,131
Additions during the year	489,609
Cost as at 31.12.20	2,038,740
Carrying amount as at 31.12.20	2,038,740

8. Work in progress for third parties

Work in progress for third parties	30,872	0

9. Prepayments

Prepaid costs	3,694,568	0
Energy taxes	5,300,000	0
Total	8,994,568	0

10. Receivables

Receivables which fall due for payment more than 1 year after the end of the financial year	6,900,000	0

	Group	Parent
	31.12.20 DKK	31.12.20 DKK

11. Cash

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

12. Share capital

The share capital consists of:

	Quantity	Total nominal value
Share capital	1,000,000	1,000,000
Capital increase during the financial year	960,000	960,000

13. Deferred tax

	Group	Parent
Additions relating to mergers and acquisition of enterprises	2,553,862	0
Deferred tax recognised in the income statement	129,103	0
Deferred tax recognised in equity	-51,907	0
Deferred tax as at 31.12.20	2,631,058	0

14. Other provisions

Figures in DKK	Other provisions
Parent:	
Provisions as at 01.07.20	0
Additions relating to mergers and acquisition of enterprises	1,719,230
Reversed provision in respect of previous years	0
Provisions as at 31.12.20	1,719,230

	31.12.20 DKK	31.12.20 DKK
Other provisions are expected to be distributed as follows:		
Current liabilities	1,719,230	0

15. Long-term payables

Figures in DKK	Repayment first year	Outstanding debt after 5 years	Total payables at 31.12.20
Group:			
Payables to credit institutions	6,957,233	0	96,665,929
Other payables	0	0	2,756,260
Total	6,957,233	0	99,422,189

	Group	Parent
	31.12.20 DKK	31.12.20 DKK

16. Deferred income

Other deferred income	229,607	0

17. Fair value information

Figures in DKK	Derivative financial instruments	Total
Group:		
Fair value as at 31.12.20	-235,941	-235,941
Parent:		
Changes for the year of fair value recognised in equity	-235,941	-235,941

18. Derivative financial instruments

Group:

The company has entered into an interest derivative product. The interest derivative product is recognized at fair value, amounting DKK 236k at balance sheet date. For the financial year, an unrealized loss before tax of DKK 236k has been recognized directly in equity. The interest derivative product has been entered into with a Danish bank as the counterparty.

19. Contingent liabilities

Group:

Lease commitments

The group has concluded lease and rent agreements with a total contractual obligation of DKK 8,367k.

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 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.

The company has no other contingent liabilities as at 31.12.20.

20. Charges and security

Group:

Account with electricity supplier of DKK 1,000k discloed under other 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 to credit institutions. As at 31.12.20, the company charge comprises the following assets with the following carrying amounts.

- Other plant, fixtures and fittings, tools and equipment, DKK 1,112k
- Inventories, DKK 1,309k
- Trade receivables, DKK 158,942k

The group has provided collateral in foreign exchange bank account and in equity investments in group enterprises for debt, totaling DKK 96,728k, debt to credit institutions, totaling a credit maximum of DKK 14,878k, and other securities of DKK 5,000k.

The company has provided surety of DKK 119,266 to credit institutions.

20. Charges and security - continued -

Parent:

The company has provided collateral in equity investments in group enterprises for group enterprise's debt, totaling DKK 96.728k, debt in group enterprise to credit institutions, totaling a credit maximum of DKK 14.878k, and other securities of DKK 5,000k. The carrying amount of equity investments in group enterprises amount to DKK 119,657k.

The company has provided surety of DKK 119,266 to group enterprises' credit institutions.

21. Adjustments for the cash flow statement

Depreciation, amortisation and impairments losses of intangible assets and property, plant and equipment	5,607,184
Financial income	-97,162
Financial expenses	2,814,095
Tax on profit or loss for the year	1,066,674
Total	9,390,791

22. Accounting policies

GENERAL

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

No comparative figures have been provided as this is the parents' and the group's first financial year.

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.

22. 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.

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.

On acquisition of subsidiaries, goodwill is recognised on a proportionate basis based on the actual ownership interest in the acquired equity investments.

The goodwill (positive difference) determined at the date of acquisition is recognised under intangible assets in the consolidated financial statements and under equity investments in subsidiaries in the parent's balance sheet. 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.

22. Accounting policies - continued -

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 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.

22. Accounting policies - continued -

LEASES

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

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 as delivery takes place (delivery method). Revenue is measured at the selling value of the agreed consideration exclusive of VAT and other taxes collected on behalf of third parties and less discounts.

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 as well as any changes in inventories, including any inventory wastage.

Write-downs of inventories of raw materials and consumables are also recognised under raw materials and consumables to the extent that these do not exceed normal write-downs.

Other external expenses

Other external expenses comprise costs relating to distribution, sales and advertising and administration, premises and bad debts to the extent that these do not exceed normal write-downs.

22. 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
Buildings	5	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.

Land is not depreciated.

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.

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.

22. 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.

22. Accounting policies - continued -

Development projects are subsequently measured in the balance sheet at cost less accumulated 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 land and buildings, 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.

The total cost of an asset is decomposed into separate components that are depreciated separately if the useful lives of the individual components vary.

22. Accounting policies - continued -

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.

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.

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.

22. Accounting policies - continued -

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.

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

22. Accounting policies - continued -

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.

Work in progress for third parties

Work in progress for third parties is measured at the selling price of the work performed less on-account invoicing made for each piece of work in progress.

The selling price is measured according to the stage of completion at the balance sheet date and total expected income from each piece of work in progress. The degree of completion for each piece of work in progress is normally calculated as the ratio between the resources spent and the total budgeted resource consumption. For some work in progress where the resource consumption cannot be used as a basis, the ratio between completed subactivities and the combined subactivities for the individual piece of work in progress is used instead.

When the selling price of a piece of work in progress cannot be determined reliably, the selling price is measured at the lower of costs incurred and net realisable value.

The individual piece of work in progress is recognised under receivables or payables in the balance sheet depending on whether the net value of the selling price less prepayments received is positive or negative.

When it is likely that the total costs of the individual piece of work in progress will exceed total sales income, the total expected loss is recognised as a provision.

Prepayments

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

22. Accounting policies - continued -

Other investments

Other securities are measured at fair value, equivalent to the market value at the balance sheet date.

Cash

Cash includes deposits in bank accounts as well as operating cash.

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.

An amount equivalent to internally generated development costs in the balance sheet is recognised in the financial statements of the parent in equity under reserve for development costs. The reserve is measured less deferred tax and reduced by amortisation and impairment losses on the asset. If impairment losses on development costs are subsequently reversed, the reserve will be restored with a corresponding amount. The reserve is dissolved when the development costs are no longer recognized in the balance sheet, and the remaining amount will be transferred to retained earnings.

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 dissolved when the hedged transaction occurs, or it is no longer expected to occur.

Provisions

Other provisions comprise expected expenses incidental to loss on work in progress, restructuring etc. 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.

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.

22. Accounting policies - continued -

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 payables are measured at amortised cost, normally corresponding to the nominal value of such payables.

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.

Deferred income

Deferred income under liabilities comprises payments received in respect of income in subsequent financial years.

22. 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 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 and short-term payables to credit institutions.

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.