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KGC Denmark ApS

Heimdalsgade 1, 1., 2200 København N

Company reg. no. 41 66 16 07

Annual report

1 January - 31 December 2023

The annual report was submitted and approved by the general meeting on the 20 June 2024.

Irma Kasetaitė Vestergaard
Chairman of the meeting

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Notes:

- To ensure the greatest possible applicability of this document, IAS/IFRS English terminology has been used.
- Please note that decimal points have not been used in the usual English way. This means that for instance DKK 146.940 means the amount of DKK 146,940, and that 23,5 % means 23.5 %.

Management's statement

Today, the Managing Director has approved the annual report of KGC Denmark ApS for the financial year 1 January - 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

I consider the chosen accounting policy to be appropriate, and in my opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in my opinion, the Management's review gives a true and fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the Annual General Meeting.

København N, 20 June 2024

Managing Director

Irma Kasetaitė Vestergaard

Independent auditor's report

To the Shareholders of KGC Denmark ApS

Opinion

We have audited the financial statements of KGC Denmark ApS for the financial year 1 January - 31 December 2023, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes, for the Company. The financial statements are prepared under the Danish Financial Statements Act.

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

Basis for conclusion

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 Financial Statements" section of our report. We are independent of 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.

Material Uncertainty Related to Going Concern

We draw your attention to the fact that there is significant uncertainty that may raise significant doubts about the company's ability to continue operations. We refer to the information in Note 1, in which the management account for significant uncertainty about the company's ability to continue operations. The uncertainty can be referred to the fact that there is uncertainty as to whether the company has sufficient liquidity to pay the company's debt. The budget for the financial year 2024 shows that the company expects to improve its operations. The management assesses that there is a solution that ensures the necessary liquidity in the company and in accordance herewith the management submits the annual report on the assumption of continued operation.

We have not modified our conclusion on this.

Independent auditor's report

Emphasis of Matter

We would like to draw your attention to Note 2 about significant insecurity about recognition and measurement of receivables from group enterprises.

By presentation of the annual report the management has assessed that there is no need for write-down of receivables from group enterprises. The company's receivables from group enterprises consist of a loan.

Considering the financial situation of the company to which the loan has been granted and that repayment of the loan is depending on fulfillment of budgets, there is insecurity about recognition and measurement.

Our conclusion has not been modified as a consequence of this matter.

Management's Responsibilities for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act, and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the 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 financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

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

Independent auditor's report

- 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the 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 financial statements, our responsibility is to read Management's Review and, in doing so, consider whether Management's Review is materially inconsistent with the 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 financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of Management's Review.

Independent auditor's report

Copenhagen, 20 June 2024

Grant Thornton

Certified Public Accountants
Company reg. no. 34 20 99 36

Casper Christiansen

State Authorised Public Accountant
mne44100

Company information

The company

KGC Denmark ApS
Heimdalsgade 1, 1.
2200 København N

Company reg. no. 41 66 16 07
Established: 4 September 2020
Domicile: Copenhagen
Financial year: 1 January - 31 December

Managing Director

Irma Kasetaitė Vestergaard

Auditors

Grant Thornton, Godkendt Revisionspartnerselskab
Stockholmsgade 45
2100 København Ø

Parent company

UAB „KG Constructions Group“

Management's review

Description of key activities of the company

The purpose of the company is to conduct business in trade and services, as well as activities related thereto.

Uncertainties connected with recognition or measurement

The company has recognized receivables from group enterprises for a total of tDKK 19,058 the annual report. By presentation of the annual report the management has assessed that there is no need for write-down of receivables from group enterprises, but with respect to Note 2 there is insecurity about recognition and measurement hereof.

Development in activities and financial matters

The gross profit for the year totals tDKK 1.403 against tDKK -4.028 last year. Net profit or loss for the year totals tDKK 829 against tDKK -4.715 last year.

Management considers the net profit or loss for the year satisfactory.

Financial resources

The company expects to receive funding as demand arises. The budget for the financial year 2024 shows that the company expects to improve its operations. Based on this assumption, the management issues the accounts on the basis of continued operations.

Accounting policies

The annual report for KGC Denmark ApS has been presented in accordance with the Danish Financial Statements Act regulations concerning reporting class B enterprises. Furthermore, the company has decided to comply with certain rules applying to reporting class C enterprises.

The accounting policies are unchanged from last year, and the annual report is presented in DKK.

Changes in classification

There has been some changes in classification from "Prepayments received from customers for contract work in progress" to "Other payables", which in the prior year amounts to t.DKK 1.937 and from "Trade payables" to "Payables to group enterprises" which in the prior year amounts to t.DKK 3.984.

Recognition and measurement in general

Income is recognised in the income statement concurrently with its realisation, including the recognition of value adjustments of financial assets and liabilities. Likewise, all costs are recognised in the income statement, including depreciations amortisations, write-downs for impairment, provisions, and reversals due to changes in estimated amounts previously recognised in the income statement.

Assets are recognised in the statement of financial position when it seems probable that future economic benefits will flow to the company and the value of the asset can be reliably measured.

Liabilities are recognised in the statement of financial position when it is seems probable that future economic benefits will flow out of the company and the value of the liability can be reliably measured.

Assets and liabilities are measured at cost at the initial recognition. Hereafter, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost, allowing a constant effective interest rate to be recognised during the useful life of the asset or liability. Amortised cost is recognised as the original cost less any payments, plus/less accrued amortisations of the difference between cost and nominal amount. In this way, capital losses and gains are allocated over the useful life of the liability.

Upon recognition and measurement, allowances are made for such predictable losses and risks which may arise prior to the presentation of the annual report and concern matters that exist on the reporting date.

Foreign currency translation

Transactions in foreign currency are translated by using the exchange rate prevailing at the date of the transaction. Differences in the rate of exchange arising between the rate at the date of transaction and the rate at the date of payment are recognised in the profit and loss account as an item under net financials. If currency positions are considered to hedge future cash flows, the value adjustments are recognised directly in equity in a fair value reserve.

Accounting policies

Receivables, payables, and other foreign currency monetary items are translated using the closing rate. The difference between the closing rate and the rate at the time of the occurrence or initial recognition in the latest financial statements of the receivable or payable is recognised in the income statement under financial income and expenses.

Fixed assets acquired and paid for in foreign currency are measured at the exchange rate prevailing at the date of the transaction.

Income statement

Gross profit

Gross profit comprises the revenue, cost of sales, and work in progress, own work capitalised, other operating income, and external costs.

Contract work in progress concerning construction contracts is recognised in the revenue concurrently with the production process. Thus, the revenue corresponds to the selling price of the total yearly production (the production method). The revenue is recognised when the total income and costs of the contract and the stage of completion on the reporting date can be reliably validated and it is deemed probable that the financial benefits will flow to the company.

Cost of sales comprises costs concerning purchase of raw materials and consumables less discounts.

Other external expenses comprise expenses incurred for sales, administration, and vehicles.

Staff costs

Staff costs include salaries and wages, including holiday allowances, pensions, and other social security costs, etc., for staff members.

Financial income and expenses

Financial income and expenses are recognised in the income statement with the amounts concerning the financial year. Financial income and expenses comprise interest income and expenses, realised and unrealised capital gains and losses relating to securities, debt and transactions in foreign currency, and reimbursements under the advance tax scheme, etc.

Tax on net profit or loss for the year

Tax for the year comprises the current income tax for the year and changes in deferred tax and is recognised in the income statement with the share attributable to the net profit or loss for the year and directly in equity with the share attributable to entries directly in equity.

Accounting policies

Statement of financial position

Receivables

Receivables are measured at amortised cost which usually corresponds to face value. In order to meet expected losses, they are written down for impairment to the net realisable value.

Contract work in progress

Contract work in progress is measured at the selling price of the work performed. The selling price is measured on the basis of the stage of completion on the reporting date and the total expected income from the individual work in progress. The stage of completion is calculated as the share of costs incurred in proportion to the estimated total costs of the individual work in progress.

When the selling price of the individual work in progress cannot be determined reliably, the selling price is measured at the costs incurred or at net realisable value, if this is lower.

The individual work in progress is recognised in the statement of financial position under accounts receivables or liabilities. Net assets consist of the sum of the work in progress, where the selling price of the work performed exceeds invoicing on account. Net liabilities consist of the sum of the work in progress, where invoicing on account exceeds the selling price.

Costs in connection with sales work and the procurement of contracts are recognised in the income statement when incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand.

Equity

Dividend

Dividend expected to be distributed for the year is recognised as a separate item under equity.

Income tax and deferred tax

Current tax liabilities and current tax receivable are recognised in the statement of financial position as calculated tax on the taxable income for the year, adjusted for tax of previous years' taxable income and for tax paid on account.

Deferred tax is measured on the basis of temporary differences in assets and liabilities with a focus on the statement of financial position. Deferred tax is measured at net realisable value.

Deferred tax is measured based on the tax rules and tax rates applying under the legislation prevailing in the respective countries on the reporting date when the deferred tax is expected to be released as current tax. Changes in deferred tax due to changed tax rates are recognised in the income statement, except for items included directly in the equity.

Accounting policies

Liabilities other than provisions

Other liabilities concerning payables to suppliers, group enterprises, and other payables are measured at amortised cost which usually corresponds to the nominal value.

Income statement 1 January - 31 December

All amounts in DKK.

<u>Note</u>	<u>2023</u>	<u>2022</u>
Gross profit	1.403.209	-4.028.322
3 Staff costs	-615.684	-656.056
Operating profit	787.525	-4.684.378
Other financial income from group enterprises	129.602	0
Other financial income	23.683	0
Other financial expenses	-111.852	-30.907
Pre-tax net profit or loss	828.958	-4.715.285
Tax on net profit or loss for the year	0	0
Net profit or loss for the year	828.958	-4.715.285
Proposed distribution of net profit:		
Transferred to retained earnings	828.958	0
Allocated from retained earnings	0	-4.715.285
Total allocations and transfers	828.958	-4.715.285

Balance sheet at 31 December

All amounts in DKK.

Assets		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Current assets		
Trade receivables	2.093.778	2.125.329
4 Contract work in progress	1.133.463	0
Receivables from group enterprises	19.058.905	10.673.456
Other receivables	<u>0</u>	<u>230.858</u>
Total receivables	<u>22.286.146</u>	<u>13.029.643</u>
Cash and cash equivalents	<u>8.575.195</u>	<u>1.073.577</u>
Total current assets	<u>30.861.341</u>	<u>14.103.220</u>
Total assets	<u>30.861.341</u>	<u>14.103.220</u>

Balance sheet at 31 December

All amounts in DKK.

Equity and liabilities		
<u>Note</u>	<u>2023</u>	<u>2022</u>
Equity		
Contributed capital	40.000	40.000
Retained earnings	-3.712.263	-4.541.221
Total equity	-3.672.263	-4.501.221
Provisions		
Other provisions	0	188.095
Total provisions	0	188.095
Liabilities other than provisions		
4 Prepayments received from customers for contract work in progress	20.745.828	12.419.460
Trade payables	196.058	58.312
Payables to group enterprises	9.263.011	3.984.250
Other payables	4.328.707	1.954.324
Total short term liabilities other than provisions	34.533.604	18.416.346
Total liabilities other than provisions	34.533.604	18.416.346
Total equity and liabilities	30.861.341	14.103.220

1 Going concern**2 Uncertainties concerning recognition and measurement****5 Related parties**

Statement of changes in equity

All amounts in DKK.

	<u>Contributed capital</u>	<u>Retained earnings</u>	<u>Total</u>
Equity 1 January 2022	40.000	174.064	214.064
Retained earnings for the year	0	-4.715.285	-4.715.285
Equity 1 January 2023	40.000	-4.541.221	-4.501.221
Retained earnings for the year	0	828.958	828.958
	40.000	-3.712.263	-3.672.263

Notes

All amounts in DKK.

1. Going concern

Regarding going concern there is uncertainty to whether the company has sufficient liquidity to pay the company's debt. The budget for the financial year 2024 shows that the company expects to improve its operations. The parent company has submitted a letter of support until 30 April 2025.

The management assesses that there is a solution that ensures the necessary liquidity in the company and in accordance herewith the management submits the annual report on the assumption of continued operation.

2. Uncertainties concerning recognition and measurement

The company has recognized receivables from group enterprises for a total of tDKK 19,058 in the annual report. By presentation of the annual report the management has assessed that there is no need for writedown of receivables from group enterprises. The group enterprise have in 2024 paid tDKK 8,955 of the receivable of tDKK 19,058

Considering the financial situation of the company to which the loan has been granted there is insecurity about recognition and measurement.

	<u>2023</u>	<u>2022</u>
3. Staff costs		
Salaries and wages	544.264	578.464
Pension costs	64.800	70.200
Other costs for social security	6.620	7.392
	<u>615.684</u>	<u>656.056</u>
Average number of employees	<u>1</u>	<u>1</u>
4. Contract work in progress		
Selling price of the production for the period	82.269.328	48.809.897
Progress billings	<u>-101.881.693</u>	<u>-61.229.357</u>
Contract work in progress, net	<u>-19.612.365</u>	<u>-12.419.460</u>
The following is recognised:		
Contract work in progress (current assets)	1.133.463	0
Contract work in progress (prepayments received on account)	<u>-20.745.828</u>	<u>-12.419.460</u>
	<u>-19.612.365</u>	<u>-12.419.460</u>

Notes

All amounts in DKK.

5. Related parties

Consolidated financial statements

The company is included in the consolidated annual accounts of UAB „KG Constructions Group“

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Irma Kasetaitte Vestergaard

Direktør

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Casper Christiansen

Grant Thornton, Godkendt Revisionspartnerselskab CVR: 34209936

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Irma Kasetaitte Vestergaard

Dirigent

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