



# SCANDINAVIAN ENERGY CONTRACTOR

Scandinavian Energy Contractor A/S  
Gydevang 39  
3450 Allerød  
CVR No.: 42249963

## **Annual report 2022**

Adopted at the Annual General Meeting on 29 July 2023

Ian Charles Brooking  
*Chairman*

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## Company details

### Company

Scandinavian Energy Contractor A/S  
Gydevang 39  
3450 Allerød

CVR No.: 42249963

### Executive board

Jan Nilsson  
Jan Kristoffersen

### Board of Directors

Ian Charles Brooking  
Henrik Christian Noppenau  
Jan Kristoffersen  
Jan Nilsson

### Auditors

inforevision  
statsautoriseret revisionsaktieselskab  
Buddingevej 312  
2860 Søborg  
CVR No. 19263096

Kenny Madsen, state authorised public accountant  
Øzgür Atan, state authorised public accountant

## Management review

### Primary activities

The company's primary activities are within construction & operation, as an Engineering, Procurement, Management, and Construction Contractor and Operator, delivering state-of-the-art sustainable energy and resource recovery solutions throughout the United Kingdom and Europe as well of the long-term operation and maintenance for those solutions, building a better future.

### Development in activities and finances

The results of the company's activities in the 2022 financial year amounted to just on the positive side of zero (DKK 0.1 million). The equity on the balance sheet date amounted to 16.1 MDKK.

### Message from the Management

2022 has demonstrated how adaptable the SEC organisation and its employees are to changes, as SEC has also embraced delivering more consultant and management-like tasks in lieu of the expected major projects which have not been obtained in 2022 as expected.

SEC has continued to support other ongoing projects as well as the difficult task of getting a distressed project into shape and allowing it to be built out.

SEC has furthermore diversified into sustainable aviation fuel, bioethanol, and the molten salt power production sphere, preparing for building a better future especially where waste is a valuable resource.

SEC has continued the implementation of a state-of-the-art ERP Project management system and document control system, which will be fully integrated with the SEC engineering and construction IT platform when completed in 2023.

SEC has also continued its value implementing, leading to what SEC is defining as the "Employee driven organisation" creating project and value-driven teams, with higher productivity by enabling decision-making and accountability throughout the whole of the organisation. It has also led to, in partnership with 2 master students, the development of a dialog game, "Values at stake", that makes the organisation better understand how to use our values as guidance in decision-making. As we say in SEC, Values eat strategy and KPI's for breakfast 😊.

SEC A/S's MISSION

*“Our mission is to be a leader in the field of designing, building, and operating sustainable energy and resource recovery solutions”*

SEC A/S's Purpose

*“To build a better future for the benefit of the local community by supporting sustainable development locally as well as globally”*

SEC A/S's Values



SEC A/S financially in 2022

2022 has financially been an acceptable year, with revenue growth of 331% (2021 only being from the 12th of April and 2022 the full year) if corrected for the 3 months, it yields a growth of 248% and a profit improvement going from -4,3m DKK to 0,1m DKK.

Developments after the 2022 financial year-end

The decision by Aviva Investors to bring (in April 2023) their project company RDF Energy No. 1 (Newport) into administration after SEC has developed and transformed the project from (as left by Harris Pye Power Services, a former Joulon and KKR company) a distressed asset, into a buildable asset and leaving unpaid bills to SEC behind, removing the income bluntly, not maintaining an escrow account for Contractor

retention money as required, and directing SEC to deliver work Aviva Investors knew they would not pay for, has caused significant issues to SEC. Please also refer to Notes 1 & 2 in this Annual Report.

A second reason for the Notes is the delay in securing the expected major project orders, which is clearly not acceptable, but unfortunately due to additional delay in securing the funding by the project developer. SEC holds exclusivity for these projects and will deliver construction and operation services upon successful closing. In addition to the exclusivity, SEC has signed a Front-End-Engineering-Design (FEED) agreement for one of the projects.

The client who has entered into the FEED agreement with SEC has likewise secured the shares in the plant SEC has obtained exclusivity to deliver, paving the way for a successful 2023.

The information provided by the developers of the major projects SEC is working on at this moment of time and up to the date of the publication of this annual report is that good progress is made and based on this information SEC believes a project will be secured during Q3-2023. This is furthermore the reason for maintaining the numbers in the annual report without writing them down. SEC believes writing down numbers shall be done based on a sensible and documented approach and avoid guesswork. Is there any uncertainty or risk in this not being realised, naturally such risk does always exist within our industry.

SEC is furthermore confident in our current business areas and firmly believes in their long-term sustainability and will remain committed to these areas. To further strengthen our business platform, we are actively exploring opportunities to expand into adjacent areas within the energy and resource recovery sector where our engineering, construction, and project management expertise, can provide added value.

Discussions are underway regarding the feasibility of initiating FEED on several other projects.

SEC is also working hard on many other revenue-generating avenues as well as securing orders and other means timely, to secure a sustainable future and continue to be able to build a better future.

# Statement by Management

The Board of Directors and The Executive Board have today considered and adopted the annual report for 1 January 2022 - 31 December 2022 for Scandinavian Energy Contractor A/S.

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

In our opinion, the financial statements give a true and fair view of the the company's financial position at 31 December 2022 and of the results of its operations for the financial year 1 January 2022 - 31 December 2022.

We believe that the Management's review contains a fair review of the affairs and conditions referred to therein.

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

Allerød, 29 July 2023

## Executive board

\_\_\_\_\_  
Jan Nilsson  
*Commercial Director (CEO)*

\_\_\_\_\_  
Jan Kristoffersen  
*\*Construction Director \**

## Board of Directors

\_\_\_\_\_  
Ian Charles Brooking  
*Chairman*

\_\_\_\_\_  
Henrik Christian Noppenau  
*Board member*

\_\_\_\_\_  
Jan Kristoffersen  
*Board member*

\_\_\_\_\_  
Jan Nilsson  
*Board member*

# Independent auditor's report

## To the shareholder in Scandinavian Energy Contractor A/S

### Adverse Opinion

We have audited the financial statements of Scandinavian Energy Contractor A/S for the financial year 1 January 2022 - 31 December 2022, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes. The financial statements are prepared under the Danish Financial Statements Act.

In our opinion, because of the significance of the matters discussed in the Basis for Adverse Opinion section of our report, the financial statements do not give a true and fair view of the company's financial position as at 31 December 2022 and of the results of the company's operations for the financial year 1 January 2022 - 31 December 2022 in accordance with the Danish Financial Statements Act.

### Basis for Adverse Opinion

The Company's assets are carried in the financial position at DKK 32,385,669 for Acquired rights, at DKK 968,471 for Fixtures, fittings, tools and equipment, at DKK 9,681,072 for Contract Work in Progress, at DKK 1,134,293 for Deferred tax assets and at DKK 8,384,500 for Prepayments. The values of these assets are related to future profit on contracts ("projects"). As explained in Note 1 and Note 2, the Company has at the point in time of preparing these financial statements not entered signed contracts ("projects") and projects has not been finally funded. In our opinion, since project contracts have not been signed yet as well as the projects have not been funded, a prudent accounting estimate should have led Management to impair or write-down the assets to DKK 0. As Management has not stated these assets at lower recoverable amounts or net realisable amounts this constitutes a departure from the Danish Financial Statement Act.. In addition, Trade receivables carried in the financial position at DKK 5,786,312 in our opinion should have been write-down to a lower net realisable amount of DKK 3,873,312. Accordingly, gross profit would have been reduced by 19,978,572, impairment of intangible and tangible assets and tax on income would have been increased by DKK 33,354,140, and DKK 1,134,293, respectively, and net income, total assets and shareholders' equity would have been reduced by DKK 54,467,005. As explained in Note 1, the Company's short-term liabilities significantly exceeds the current assets. The Company has not concluded renegotiations or obtained replacement financing. This situation indicates that a material uncertainty exists that cast significant doubt on the Company's ability to continue as a going concern which may force the company in discontinued operations. The effects on the financial statements of discontinued operations have not been determined.

### 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, for disclosing, as applicable, matters related to going concern, and for using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the 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 judgement and maintain professional scepticism throughout the audit. We also:



## Independent auditor's report, continued

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 content of the financial statements, including the disclosures in the notes, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

### Statement on 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 Financials Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act.

## Independent auditor's report, continued

We did not identify any material misstatement in Management's Review.

Søborg, 29 July 2023

inforevision

Statsautoriseret revisionsaktieselskab

CVR No. 19263096

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Kenny Madsen

State Authorised Public Accountant

mne33718

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Øzgür Atan

State Authorised Public Accountant

mne45834

# Accounting policies

## Information on reporting class

The annual report has been prepared in accordance with Danish financial statement legislation as well as generally accepted accounting principles.

The annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing Reporting class B.

Some provisions from reporting class C has been adopted.

The accounting policies have not been changed from last year.

## Generally regarding recognition and measurement

The financial statements have been prepared based on historical cost.

The income is recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

Certain financial assets and liabilities are measured at amortised cost, which involves the recognition of a constant effective interest rate over the maturity period. Amortised cost is calculated as original cost less any repayments and with addition/deduction of the cumulative amortisation of any difference between cost and the nominal amount. In this way, capital losses and gains are allocated over the maturity period.

Recognition and measurement take into account predictable losses and risks occurring before the presentation of the annual report which confirm or invalidate affairs and conditions existing at the balance sheet date.

The functional currency is Danish Kroner. All other currencies are considered foreign currencies.

## Foreign currency translation

During the year, transactions in foreign currencies have been translated applying the exchange rate at the transaction date. If currency positions are considered hedge of future cash flows, the value adjustments are recognised directly in equity.

Receivables and debt denominated in foreign currencies have been recognised at the exchange rate of the balance sheet date.

Realised and unrealised exchange gains and losses have been recognised in the income statement under other financial income and expenses.

# Accounting policies, continued

## Income statement

The income statement has been classified by nature.

## Gross profit

Gross profit/loss includes "Revenue", "Cost of sales", "Own work capitalised" and "External expenses".

## Revenue

As income recognition criterion, the production criterion is applied so that revenue comprises the invoiced revenue for the year reduced by prepayments and with addition for work in progress measured at market value. Revenue is measured at fair value excl. VAT and less granted discounts.

## Own work capitalised

Own work capitalised comprises work performed in the financial year on own assets which is capitalised as intangible and tangible fixed assets. The basis of measurement is cost and comprise other external expenses as well as staff costs.

## Cost of sales

Cost of sales comprise expenses incurred to earn revenue for the year including changes in goods for resale, raw materials and consumables used as well as packaging in the year.

## External expenses

External expenses comprises Selling costs, Cost of premises and Administrative expenses.

## Staff costs

Staff costs include wages and salaries including holiday pay and pensions and other social security costs etc. to the company's employees.

## Financial income

Financial income is recognised with amounts concerning the financial year. Financial income comprise interest, realised and unrealised exchange gains, realised and unrealised gains on sale of other securities and investments, dividends as well as interest reimbursements under the Danish Tax Prepayment Scheme.

## Financial expenses

Financial expenses is recognised with amounts concerning the the financial year. Financial expenses comprise interest, realised and unrealised exchange losses, realised and unrealised losses on sale of other securities and investments, amortised interest on lease commitments, amortisation of debt to mortgage credit institutions as well as interest surcharge under the Danish Tax Prepayment Scheme.

## Tax on profit or loss for the year

Tax on profit or loss for the year represents 22% of the book profit or loss adjusted for non-taxable and non-deductible items.

Tax on profit or loss for the year consists of the anticipated tax portion of the taxable income for the year adjusted for the changes for the year in deferred tax. Changes in deferred taxes due to adjustments of tax rates is recognised in the income statement.

## Accounting policies, continued

Tax on profit or loss for the year is recognised in the income statement by the portion attributable to the profit or loss for the year and recognised directly in equity by the portion attributable to entries directly in equity.

The company is subject to the Danish Tax Prepayment Scheme. Interest reimbursement and interest surcharge have been recognised in financial income and expenses.

### Balance sheet

The balance sheet has been presented in account form.

### Assets

#### Intangible assets

Intangible assets are measured at cost less accumulate amortisation.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

Assets are amortised on a straight-line basis over their estimated useful lives:

Category	Period
Acquired other similar rights	5 - 10 years

As the intangible assets are not being traded in an active and effective market, no residual values after end of use are included when determining the amortisation period.

Profit/loss on sale has been included in the income statement under gross profit or loss/other operating income and other operating expenses.

The carrying amounts of intangible assets are reviewed annually for indication of impairment for losses, apart from what is expressed by usual amortisation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount. As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the expected cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

#### Property, plant and equipment

Property, plant and equipment are measured at cost less accumulate depreciation. The basis of depreciation is cost less estimated residual value after the end of useful life.

Cost comprises the acquisition price as well as costs directly related to the acquisition until the time when the asset is ready to be put into operation.

The costprice for an asset is divided into separate components, that are depreciated separately, if the useful life of the individual components is significantly different.

Depreciation is initiated when the assets are ready to be taken into operation. Assets are depreciated on a straight-line basis over their estimated useful lives with following residual values:

Category	Period	Residual value
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## Accounting policies, continued

Fixtures, fittings, tools and equipment 3 - 8 years 0%

Minor purchases with useful lives below one year have been recognised as an expense in the income statement in external expenses.

Profit/loss on sale or retirement has been included in the income statement under gross profit or loss/other operating income and other operating expenses.

The carrying amounts of property, plant and equipment are reviewed annually for indication of impairment for losses, apart from what is expressed by usual depreciation. If this applies, impairment for loss is made of each asset or group of assets, respectively, to lower recoverable amount. As recoverable amount, the higher of expected net selling price and net present value is applied. The net present value is calculated as the present value of the expected cash flows from the use of the asset or the group of assets.

Impairment for loss for the year is recognised in the income statement as amortisation, depreciation and impairment for loss of property, plant and equipment and intangible assets.

### Other receivables classified as fixed assets

Deposits recognised as fixed assets are measured at amortised cost, which usually corresponds to nominal amount.

### Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable.

### Contract work in progress

Contract work in progress has been recognised according to the percentage-of-completion method, according to which contract work in progress is measured at the market value of the work performed. The market value is measured on the basis of the stage of completion at the balance sheet date and the total expected income from each contract work in progress. Stage of completion is calculated as the proportion of the costs incurred in relation to the expected total costs of the individual contract work in progress.

When the market value of the individual contract work in progress cannot be measured reliably, the market value is recognised at cost or net realisable value, if this value is lower.

Each contract work in progress is recognised in the balance sheet as receivables or liabilities other than provisions depending on the net value of the selling price less prepayments.

Costs in connection with sales work and contracting are recognised in the income statement as incurred. Any finance costs of financing of contract work in progress are included in financial expenses.

When it is probable that the total cost will exceed the total income from a contract work in progress an expected loss is immediately recognised as a provision.

### Prepayments

Prepayments comprise costs incurred relating to subsequent financial years.

## Accounting policies, continued

### Equity and liabilities

#### Deferred tax and corporation tax

Deferred tax is measured using the balance sheet liability method. Provision has been made for deferred tax by 22% on all temporary differences between carrying amount and tax-based value of assets and liabilities. Deferred tax is also measured with respect of the planned use of the asset and the settlement of the liability.

The tax value of the tax losses to be carried forward are included in the calculation of deferred taxes if it is probable that the losses can be used. Deferred tax assets are measured at net realisable value.

Deferred tax assets which are not expected utilised within a few years have been disclosed in notes under contingent assets.

Corporation tax relating to the the financial year which has not been settled at the balance sheet date is classified as corporation tax in receivables or liabilities other than provisions.

#### Financial debts

Short-term debts are measured at amortised cost, substantially corresponding to nominal value.

## Income statement

	<u>Note</u>	<u>2022</u> DKK	<u>2021</u> DKK
<b>Gross profit</b>		<b>47,854,975</b>	<b>18,813,986</b>
Staff costs	3	-44,501,859	-20,206,751
<b>Earnings before interest, taxes, depreciation and amortisation (EBITDA)</b>		<b>3,353,116</b>	<b>-1,392,765</b>
Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets	4	-4,046,553	-3,011,962
<b>Earnings before interest and taxes (EBIT)</b>		<b>-693,437</b>	<b>-4,404,727</b>
Finance income		1,098,475	192,207
Finance expenses	5	-253,778	-1,335,651
<b>Profit/loss before tax</b>		<b>151,260</b>	<b>-5,548,171</b>
Tax on profit/loss for the year	6	-79,077	1,213,370
<b>Profit/loss for the year</b>		<b>72,183</b>	<b>-4,334,801</b>

## Proposed distribution of profit and loss

	<u>2022</u> DKK	<u>2021</u> DKK
Proposed distribution of profit and loss for the year :		
Transferred to retained earnings	72,183	-4,334,801
<b>Profit/loss for the year</b>	<b>72,183</b>	<b>-4,334,801</b>



## Assets

	<u>Note</u>	<u>31/12-2022</u>	<u>31/12-2021</u>
		DKK	DKK
Acquired other similar rights		32,385,669	36,311,205
<b>Intangible assets</b>	<b>7</b>	<b><u>32,385,669</u></b>	<b><u>36,311,205</u></b>
Fixtures, fittings, tools and equipment		968,471	664,399
<b>Property, plant and equipment</b>	<b>8</b>	<b><u>968,471</u></b>	<b><u>664,399</u></b>
Deposits		337,557	0
<b>Investments</b>		<b><u>337,557</u></b>	<b><u>0</u></b>
<b>Fixed assets</b>		<b><u>33,691,697</u></b>	<b><u>36,975,604</u></b>
Trade receivables		5,786,312	16,138,061
Contract work in progress	9	9,681,072	8,127,400
Receivables from group enterprises		0	443,020
Other receivables		615,454	19,678
Deferred tax assets	6	1,134,293	1,213,370
Prepayments		8,384,500	9,036,728
<b>Receivables</b>		<b><u>25,601,631</u></b>	<b><u>34,978,257</u></b>
<b>Cash at bank and in hand</b>		<b><u>15,220,107</u></b>	<b><u>690,086</u></b>
<b>Current assets</b>		<b><u>40,821,738</u></b>	<b><u>35,668,343</u></b>
<b>Total assets</b>		<b><u>74,513,435</u></b>	<b><u>72,643,947</u></b>

## Equity and liabilities

	Note	31/12-2022	31/12-2021
		DKK	DKK
Contributed capital		400,000	400,000
Retained earnings		15,737,382	15,665,199
<b>Equity</b>		<b><u>16,137,382</u></b>	<b><u>16,065,199</u></b>
Debt to other credit institutions		166,790	13,738
Contract work in progress, liabilities	9	0	1,857,500
Trade payables		4,122,128	8,167,289
Payables to group enterprises		12,845,050	7,435,806
Other payables		41,242,085	39,104,415
<b>Short-term liabilities other than provisions</b>		<b><u>58,376,053</u></b>	<b><u>56,578,748</u></b>
<b>Liabilities other than provisions</b>		<b><u>58,376,053</u></b>	<b><u>56,578,748</u></b>
<b>Total equity and liabilities</b>		<b><u><u>74,513,435</u></u></b>	<b><u><u>72,643,947</u></u></b>
Going concern	1		
Uncertainty relating to recognition and measurement	2		
Contingent liabilities	10		
Unrecognised contractual commitments	11		

## Statement of changes in equity

	<b>Contributed capital</b>	<b>Retained earnings</b>	<b>Total</b>
	DKK	DKK	DKK
Contribution at subscription	400,000	0	400,000
Group contribution		20,000,000	20,000,000
Distributed profit/loss for the year		-4,334,801	-4,334,801
<b>Equity at 1 January 2022</b>	<b>400,000</b>	<b>15,665,199</b>	<b>16,065,199</b>
Distributed profit/loss for the year		72,183	72,183
<b>Equity at 31 December 2022</b>	<b>400,000</b>	<b>15,737,382</b>	<b>16,137,382</b>

# Notes

## 1. Going concern

SEC has reached a result before tax just on the positive side zero (DKK 0.1 million) during the year ended 31 December 2022 and, as of that date, the company's current liabilities exceeded its short-term assets by approximately DKK 17.5 million.

The decision by Aviva Investors to bring (in April 2023) their project company RDF Energy No. 1 (Newport) into administration has caused significant issues for SEC, to continue as a going concern.

Furthermore, the delay in securing the expected projects has also caused significant issues for SEC, to continue as a going concern.

However, based on the information provided by the developers of the major projects SEC is working on at this moment in time and up to the date of the publication of this annual report is that good progress is made, and based on this information SEC believes a project will be secured during Q3-2023. Therefore, the SEC Management believes it is probable for the company to continue as a going concern.

If the project will not be secured in line with the information provided by the developers within Q3-2023, or if any of the short-term obligations will fall due prior to securing the expected project, there is a major risk in SEC as a going concern.

## 2. Uncertainty relating to recognition and measurement

There is a risk that the recoverable amount of acquired rights does not exceed the carrying amount due to impairment and the net realisable amount of contract work in progress as well as prepayments does not exceed the carrying amount due to write-down. The SEC Management believes it is too early to determine if impairment for losses and write-down on the assets exists. The acquired rights have made the basis for an increase in "corrected" revenues from 2021 to 2022 of more than 248%, showing its value.

Management assessment is based on the company's cash flow budget for the years 2023 – 2025 showing a sufficient profit recovering the carrying amount of assets. The most significant budget assumption is assumed profit from two named projects. Separate underlying project budgets have been prepared. The assumptions of revenue streams and expenses in project budgets are based on ongoing negotiations with the purchasers and the fact that SEC has obtained exclusivity for both projects. None of the project contracts have been signed at the point in time when preparing this annual report, but management believes based on information provided by the developers of the major projects that it is probable, that the projects will be approved and signed in a form not significantly different from the drafted versions of the contracts existing at the time of this annual report.

## Notes, continued

### 3. Staff costs

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Wages and salaries	42,362,039	19,466,411
Pensions	629,741	265,082
Other social security costs	619,413	125,637
Other staff cost	890,666	349,621
<b>Total</b>	<b><u>44,501,859</u></b>	<b><u>20,206,751</u></b>
Average number of full-time employees	<u>54</u>	<u>33</u>

### 4. Depreciation, amortisation and impairment losses of property, plant and equipment and intangible assets

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Amortisation of intangible assets	3,925,536	2,944,152
Depreciation of property, plant and equipment	121,017	67,810
<b>Total</b>	<b><u>4,046,553</u></b>	<b><u>3,011,962</u></b>

### 5. Finance expenses

	<u>2022</u>	<u>2021</u>
	DKK	DKK
Financial expenses to group enterprises	0	453,097
Other financial expenses	253,778	882,554
<b>Total</b>	<b><u>253,778</u></b>	<b><u>1,335,651</u></b>

## Notes, continued

### 6. Tax expense

	Deferred tax	Tax on profit/loss for the year	2021
	DKK	DKK	DKK
Payables at 1 January 2022	-1,213,370		
Tax on profit/loss for the year	79,077	79,077	-1,213,370
<b>Payables at 31 December 2022</b>	<b>-1,134,293</b>		
<b>Tax on profit/loss for the year recognised in the income statement</b>		<b>79,077</b>	<b>-1,213,370</b>
<i>Recognition in balance sheet:</i>			
Short-term receivables (current asset)	-1,134,293		
<b>Total</b>	<b>-1,134,293</b>		

### 7. Intangible assets

	Acquired other similar rights	Total	2021
	DKK	DKK	DKK
Cost at 1 January 2022	39,255,357	39,255,357	0
Additions for the year	0	0	39,255,357
<b>Cost at 31 December 2022</b>	<b>39,255,357</b>	<b>39,255,357</b>	<b>39,255,357</b>
Amortisation and impairment losses at 1 January 2022	-2,944,152	-2,944,152	0
Amortisation for the year	-3,925,536	-3,925,536	-2,944,152
<b>Amortisation and impairment losses at 31 December 2022</b>	<b>-6,869,688</b>	<b>-6,869,688</b>	<b>-2,944,152</b>
<b>Carrying amount at 31 December 2022</b>	<b>32,385,669</b>	<b>32,385,669</b>	<b>36,311,205</b>

## Notes, continued

### 8. Property, plant and equipment

	<b>Fixtures, fittings, tools and equipment</b>	<b>Total</b>	<b>2021</b>
	DKK	DKK	DKK
Cost at 1 January 2022	732,209	732,209	0
Additions for the year	1,089,488	1,089,488	732,209
Disposals for the year	-732,209	-732,209	0
<b>Cost at 31 December 2022</b>	<b>1,089,488</b>	<b>1,089,488</b>	<b>732,209</b>
Depreciation and impairment losses at 1 January 2022	-67,810	-67,810	0
Depreciation for the year	-121,017	-121,017	-67,810
Reversal regarding disposals for the year	67,810	67,810	0
<b>Depreciation and impairment losses at 31 December 2022</b>	<b>-121,017</b>	<b>-121,017</b>	<b>-67,810</b>
<b>Carrying amount at 31 December 2022</b>	<b>968,471</b>	<b>968,471</b>	<b>664,399</b>
Selling price, disposals	664,399	664,399	0
Carrying amount, disposals	-664,399	-664,399	0
Profit/loss on sale	0	0	0

### 9. Contract work in progress

	<b>2022</b>	<b>2021</b>
	DKK	DKK
Sales value of contract work in progress	11,538,572	8,127,400
Prepayments regarding contract work in progress	-1,857,500	-1,857,500
<b>Total</b>	<b>9,681,072</b>	<b>6,269,900</b>
<b>The gross values above are recognised as follows in the balance sheet:</b>		
Contract work in progress	9,681,072	8,127,400
<b>Total</b>	<b>9,681,072</b>	<b>8,127,400</b>

### 10. Contingent liabilities

Scandinavian Energy Contractor A/S are jointly tax with other group companies and are severally liable for tax on the jointly taxed incomes etc. of the group. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of tax on interest, dividend tax and tax on royalty payments. Any subsequent adjustments of corporation taxes and withholding taxes may increase the the company's liability.

## Notes, continued



















### 11. Unrecognised contractual commitments

	<u>2022</u>
	DKK
The company has entered into rental commitment regarding rent of premises. The rental contract is non-terminable until 31/08 2025. The total commitment represents	2,150,000
The company has entered into operational lease commitment regarding Office equipment and other operating equipment . The lease commitments expire within 41 - 58 months. The total lease commitment represents	<u>1,033,000</u>
<b>Total rental and lease obligations</b>	<b><u><u>3,183,000</u></u></b>



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## Underskrivere

  <b>Jan Nilsson</b> Commercial Director c60b509c-4b27-4b32-bf73-8efbb107aaea 30-07-2023 17:02	  <b>Jan Nilsson</b> Commercial Director c60b509c-4b27-4b32-bf73-8efbb107aaea 30-07-2023 17:03
  <b>Jan Kristoffersen</b> Construction Director 19c52813-dc39-4e71-bc43-1f525ab47fae 30-07-2023 17:04	  <b>Jan Kristoffersen</b> Construction Director 19c52813-dc39-4e71-bc43-1f525ab47fae 30-07-2023 17:05
  <b>Øzgür Atan</b> Revisor 72e37370-1178-4940-9d7c-e6293c88751d 30-07-2023 17:26	  <b>Kenny Madsen</b> Partner, statsautoriseret revisor c12aee8d-6927-4f15-ae26-f6a0753e3014 30-07-2023 18:14
  <b>Ian Brooking</b> Chairman 30-07-2023 18:31	  <b>Ian Brooking</b> Chairman 30-07-2023 18:32
  <b>Henrik Christian Noppenau</b> 6e97832e-1878-4706-807b-7638e8eef9d6 30-07-2023 19:58	



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