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# ***Bertel O. Steen Power Solutions Denmark A/S***

Sydvestvej 142-144, DK-2600 Glostrup

## **Annual Report for 2023**

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CVR No. 26 64 84 75

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 13/6 2024

Ove Johan Solem  
Chairman of the  
general meeting



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# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Bertel O. Steen Power Solutions Denmark A/S for the financial year 1 January - 31 December 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2023 of the Company and of the results of the Company operations and cash flows for 2023.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Glostrup, 13 June 2024

## Executive Board

Carsten Rågård Højerup  
CEO

## Board of Directors

Ove Johan Solem  
Chairman

Jørn Ove Hellen

Erik Aleksander Riis Grini

# Independent Auditor's report

To the shareholder of Bertel O. Steen Power Solutions Denmark A/S

## Opinion

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 and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Bertel O. Steen Power Solutions Denmark A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the 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.

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

## 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.

# Independent Auditor's report

## 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:

- 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 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.

Hellerup, 13 June 2024

**PricewaterhouseCoopers**

Statsautoriseret Revisionspartnerselskab

*CVR No 33 77 12 31*

Flemming Eghoff

State Authorised Public Accountant

mne30221

## Company information

<b>The Company</b>	Bertel O. Steen Power Solutions Denmark A/S Sydvestvej 142-144 2600 Glostrup  CVR No: 26 64 84 75 Financial period: 1 January - 31 December Municipality of reg. office: Glostrup
<b>Board of Directors</b>	Ove Johan Solem, chairman Jørn Ove Hellen Erik Aleksander Riis Grini
<b>Executive Board</b>	Carsten Rågård Højerup
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

# Financial Highlights

Seen over a 4-year period, the development of the Company is described by the following financial highlights:

	2023 TDKK	2022 TDKK	2021 TDKK	2020 TDKK
<b>Key figures</b>				
<b>Profit/loss</b>				
Gross profit	19,768	20,832	22,619	21,624
Profit/loss of primary operations	6,385	8,038	11,385	8,538
Profit/loss of financial income and expenses	1,371	-368	-293	-249
Net profit/loss for the year	5,630	5,979	8,534	6,463
<b>Balance sheet</b>				
Balance sheet total	102,147	81,581	72,123	66,077
Investment in property, plant and equipment	0	585	414	692
Equity	59,770	54,140	48,161	39,627
<b>Cash flows</b>				
Cash flows from:				
- operating activities	-229	523	-6,142	2,575
- investing activities	229	-523	-422	-699
- financing activities	0	0	-502	502
Change in cash and cash equivalents for the year	0	0	-7,066	2,377
Number of employees	28	26	26	17
<b>Ratios</b>				
Return on assets	6.3%	9.9%	15.8%	12.9%
Solvency ratio	58.5%	66.4%	66.8%	60.0%
Return on equity	9.9%	11.7%	19.4%	17.8%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, refer to the accounting policies.

From 2021, the Company has changed reporting class and therefore financial highlights for four years has been prepared.

# Management's review

## Key activities

The company's activities include trading, selling, and servicing diesel engines and related accessories, as well as generator sets with accompanying design and integration for emergency power systems. Since 2022, the company has also begun delivering BESS (Battery Energy Storage Systems) and energy storage projects.

## Development in the year

The income statement of the Company for 2023 shows a profit of DKK 5,630,359, and at 31 December 2023 the balance sheet of the Company shows a positive equity of DKK 59,769,957.

The group's focus on emergency power, BESS, and energy storage is centered in Bertel O. Steen Power Solutions Denmark A/S, and activity in this business area has been gradually increasing but has not resulted in significant revenue in 2023. The company's financial development has been stable with no significant changes.

## The past year and follow-up on development expectations from last year

The company achieved a result of 5.6 million DKK in 2023, compared to 6.0 million DKK in 2022. The 2023 result was above budgeted expectations, mainly due to increased activity and financial income. Compared to prior year, the revenue did not rise in line with the company's 20-50% increase expectations. Nevertheless, the company's result for 2023 is considered satisfactory.

## Targets and expectations for the year ahead

Management expects increased revenue due to a rise in project volume from the part of the business that concerns emergency power and energy storage. Additionally, improved synergies within the group have been achieved. It is expected that the segment related to emergency power and energy storage may provide lower margins than what has historically been the case in the core business. As in previous years, uncertain factors are particularly related to exchange rate developments and prices of the group's raw materials and materials, which are expected to remain challenging in 2024. We expect next years results to be in line with 2023 annual figures.

## Research and development

Development activities are managed in the parent company and are primarily conducted there. These activities mainly include the development of environmentally friendly energy and service solutions. As a distributor of Rolls Royce Power Systems, the company's development activities will reflect the significant investments made by the principal.

## External environment

The company is involved in the sale of engine systems, as well as their service and repair. These engines emit gases that are within the limits set by authorities and established guidelines. Therefore, management assesses that the company has a low impact on the external environment. As part of the green transition, the company's focus and investments have shifted towards sustainable solutions.

To manage environmental aspects, an environmental policy with associated goals has been developed. This policy is based on environmentally responsible operations and is an integral part of the group's objectives for product quality and production conditions.

## Intellectual capital resources

The company's knowledge resources consist of the development of power and propulsion systems, including engine systems, diesel-electric generator and diesel-kinetic generator sets based on power from diesel engines, as well as battery and energy storage systems.

## Uncertainty relating to recognition and measurement

There has been no uncertainty regarding recognition and measurement in the Annual Report.



# Management's review

## Unusual events

The financial position at 31 December 2023 of the Company and the results of the activities and cash flows of the Company for the financial year for 2023 have not been affected by any unusual events.

## Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

## Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
<b>Gross profit</b>		<b>19,767,934</b>	<b>20,831,832</b>
Staff expenses	1	-12,674,072	-12,014,520
Depreciation and impairment losses of property, plant and equipment		-709,239	-779,104
<b>Profit/loss before financial income and expenses</b>		<b>6,384,623</b>	<b>8,038,208</b>
Financial income	2	1,853,971	340,784
Financial expenses	3	-482,509	-708,403
<b>Profit/loss before tax</b>		<b>7,756,085</b>	<b>7,670,589</b>
Tax on profit/loss for the year	4	-2,125,726	-1,691,616
<b>Net profit/loss for the year</b>	5	<b>5,630,359</b>	<b>5,978,973</b>

## Balance sheet 31 December

### Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		1,010,651	1,829,862
<b>Property, plant and equipment</b>	<b>6</b>	<b>1,010,651</b>	<b>1,829,862</b>
Deposits		441,564	400,294
<b>Fixed asset investments</b>		<b>441,564</b>	<b>400,294</b>
<b>Fixed assets</b>		<b>1,452,215</b>	<b>2,230,156</b>
<b>Inventories</b>	<b>7</b>	<b>17,140,391</b>	<b>19,449,056</b>
Trade receivables		16,508,866	10,109,598
Contract work in progress	8	7,412,859	9,628,312
Receivables from group enterprises		57,790,187	39,578,224
Other receivables		0	17,080
Deferred tax asset	9	694,058	0
Prepayments	10	1,148,011	568,527
<b>Receivables</b>		<b>83,553,981</b>	<b>59,901,741</b>
<b>Current assets</b>		<b>100,694,372</b>	<b>79,350,797</b>
<b>Assets</b>		<b>102,146,587</b>	<b>81,580,953</b>

## Balance sheet 31 December

### Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		2,915,000	2,915,000
Retained earnings		56,854,957	51,224,598
<b>Equity</b>		<b>59,769,957</b>	<b>54,139,598</b>
Provision for deferred tax	9	0	272,602
Other provisions	11	219,404	0
<b>Provisions</b>		<b>219,404</b>	<b>272,602</b>
Prepayments received from customers		370,013	0
Trade payables		10,364,285	14,516,559
Contract work in progress	8	23,900,283	5,674,464
Payables to group enterprises		3,176,857	3,035,976
Corporation tax		2,494,386	1,928,718
Other payables		1,851,402	2,013,036
<b>Short-term debt</b>		<b>42,157,226</b>	<b>27,168,753</b>
<b>Debt</b>		<b>42,157,226</b>	<b>27,168,753</b>
<b>Liabilities and equity</b>		<b>102,146,587</b>	<b>81,580,953</b>
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## Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	2,915,000	51,224,598	54,139,598
Net profit/loss for the year	0	5,630,359	5,630,359
<b>Equity at 31 December</b>	<b>2,915,000</b>	<b>56,854,957</b>	<b>59,769,957</b>

## Cash flow statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Result of the year		5,630,359	5,978,973
Adjustments	12	1,303,476	2,778,339
Change in working capital	13	-6,007,308	-5,789,263
<b>Cash flow from operations before financial items</b>		<b>926,527</b>	<b>2,968,049</b>
Financial income		1,853,971	340,784
Financial expenses		-482,509	-708,403
<b>Cash flows from ordinary activities</b>		<b>2,297,989</b>	<b>2,600,430</b>
Corporation tax paid		-2,526,718	-2,077,790
<b>Cash flows from operating activities</b>		<b>-228,729</b>	<b>522,640</b>
Purchase of property, plant and equipment		0	-512,496
Fixed asset investments made etc		-41,270	-10,144
Sale of property, plant and equipment		269,999	0
<b>Cash flows from investing activities</b>		<b>228,729</b>	<b>-522,640</b>
<b>Cash flows from financing activities</b>		<b>0</b>	<b>0</b>
<b>Change in cash and cash equivalents</b>		<b>0</b>	<b>0</b>
<b>Cash and cash equivalents at 31 December</b>		<b>0</b>	<b>0</b>
Cash and cash equivalents are specified as follows:			
<b>Cash and cash equivalents at 31 December</b>		<b>0</b>	<b>0</b>

# Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>1. Staff Expenses</b>		
Wages and salaries	11,169,376	10,615,340
Pensions	1,318,025	1,140,000
Other social security expenses	186,671	259,180
	<b>12,674,072</b>	<b>12,014,520</b>

Remuneration to the Executive Board has not been disclosed in accordance with section 98 B(3) of the Danish Financial Statements Act.

<b>Average number of employees</b>	<b>28</b>	<b>26</b>
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	2023	2022
	DKK	DKK
<b>2. Financial income</b>		
Interest received from group enterprises	1,161,802	174,701
Other financial income	422,108	92,269
Exchange gains	270,061	73,814
	<b>1,853,971</b>	<b>340,784</b>

	2023	2022
	DKK	DKK
<b>3. Financial expenses</b>		
Interest paid to group enterprises	171,030	439,018
Other financial expenses	80,974	116,010
Exchange loss	230,505	153,375
	<b>482,509</b>	<b>708,403</b>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>4. Income tax expense</b>		
Current tax for the year	3,092,386	1,928,718
Deferred tax for the year	-1,365,031	-237,083
Adjustment of tax concerning previous years	0	-19
Adjustment of deferred tax concerning previous years	398,371	0
	<b>2,125,726</b>	<b>1,691,616</b>

	2023	2022
	DKK	DKK
<b>5. Profit allocation</b>		
Retained earnings	5,630,359	5,978,973
	<b>5,630,359</b>	<b>5,978,973</b>

## 6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 January	7,200,980
Disposals for the year	-547,998
Cost at 31 December	<b>6,652,982</b>
Impairment losses and depreciation at 1 January	5,371,118
Depreciation for the year	709,239
Reversal of impairment and depreciation of sold assets	-438,026
Impairment losses and depreciation at 31 December	<b>5,642,331</b>
Carrying amount at 31 December	<b>1,010,651</b>

	2023	2022
	DKK	DKK
<b>7. Inventories</b>		
Finished goods and goods for resale	17,140,391	19,449,056
	<b>17,140,391</b>	<b>19,449,056</b>



## Notes to the Financial Statements

### 8. Contract work in progress

	2023 DKK	2022 DKK
Selling price of work in progress	47,358,184	9,628,312
Payments received on account	-63,845,608	-5,674,464
	<b>-16,487,424</b>	<b>3,953,848</b>

Recognised in the balance sheet as follows:

Contract work in progress recognised in assets	7,412,859	9,628,312
Prepayments received recognised in debt	-23,900,283	-5,674,464
	<b>-16,487,424</b>	<b>3,953,848</b>

### 9. Deferred tax asset

	2023 DKK	2022 DKK
Deferred tax asset at 1 January	-272,602	-509,685
Adjustment relating to previous years	-398,371	0
Amounts recognised in the income statement for the year	1,365,031	237,083
<b>Deferred tax asset at 31 December</b>	<b>694,058</b>	<b>-272,602</b>

Recognition of deferred tax assets relates to temporary differences between accounting values and taxable values of assets which the Company expect to utilise in the coming financial years.

### 10. Prepayments

Prepayments consist of prepaid expenses concerning rent, insurance premiums and subscriptions.

### 11. Other provisions

	2023 DKK	2022 DKK
Loss-making contracts	219,404	0
	<b>219,404</b>	<b>0</b>

The provisions are expected to mature as follows:

Within 1 year	219,404	0
After 5 years	0	0
	<b>219,404</b>	<b>0</b>

## Notes to the Financial Statements

	2023	2022
	DKK	DKK
<b>12. Cash flow statement - Adjustments</b>		
Financial income	-1,853,971	-340,784
Financial expenses	482,509	708,403
Depreciation, amortisation and impairment losses, including losses and gains on sales	549,212	719,104
Tax on profit/loss for the year	2,125,726	1,691,616
	<b>1,303,476</b>	<b>2,778,339</b>

	2023	2022
	DKK	DKK
<b>13. Cash flow statement - Change in working capital</b>		
Change in inventories	2,308,665	-2,324,162
Change in receivables	-22,958,182	-7,330,161
Change in other provisions	219,404	0
Change in trade payables, etc	14,422,805	3,865,060
	<b>-6,007,308</b>	<b>-5,789,263</b>

## 14. Contingent assets, liabilities and other financial obligations

### Charges and security

The following assets have been placed as security with bankers:

The shares in the Company has been pledged as part of the Parent Company's cash pool agreement with DNB Bank.

### Rental and lease obligations

The Company's rental and lease obligations amount to DKK 3,158k (2022: DKK 933k).

### Guarantee obligations

The company has provided guarantees for customer contracts with an amount of DKK 45,134k (2022: DKK 3,440k).

# Notes to the Financial Statements

## 14. Contingent assets, liabilities and other financial obligations

### Other contingent liabilities

The group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Viking Footwear A/S, which is the management company of the joint taxation purposes. Moreover, the group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 15. Related parties and disclosure of consolidated financial statements

	Basis
<b>Controlling interest</b>	
Bertel O. Steen Holding AS	Ultimate Parent Company
Bertel O. Steen Power Solutions AS	Parent Company

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company of the largest and smallest group:

Name	Place of registered office
Bertel O. Steen Holding AS	Lørenskog, Norway
Bertel O. Steen Power Solutions AS	Bergen, Norway

The Group Annual Report of Bertel O. Steen Holding AS may be obtained at the following address:

Solheimveien 7  
1461 Lørenskog  
Norway

The Group Annual Report of Bertel O. Steen Power Solutions AS may be obtained at the following address:

Damsgårdsveien 139  
5160 Laksevåg  
Norway

## 16. Subsequent events

No events materially affecting the assessment of the Annual Report have occurred after the balance sheet date.

# Notes to the Financial Statements

## 17. Accounting policies

The Annual Report of Bertel O. Steen Power Solutions Denmark A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

### Adjustment of comparatives

Certain comparison numbers has been reclassified for presentation purpose. The reclassification has no effect on the result after tax or total equity.

### Recognition and measurement

Revenues are 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.

### Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

### Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Gains and losses arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement

### Revenue

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Company.

# Notes to the Financial Statements

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

## **Cost of goods sold**

Cost of goods sold comprise the purchase price etc. for goods sold in the year.

## **Other external expenses**

Other external expenses comprise expenses for premises, sales as well as office expenses, etc.

## **Gross profit**

With reference to section 32 of the Danish Financial Statements Act, gross profit/loss is calculated as a summary of revenue, other operating income, cost of goods sold and other external expenses.

## **Staff expenses**

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## **Amortisation, depreciation and impairment losses**

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

## **Other operating income and expenses**

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

## **Financial income and expenses**

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## **Tax on profit/loss for the year**

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Group-affiliated Danish companies. The tax effect of the joint taxation with the subsidiaries is allocated to Danish enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

## **Balance sheet**

# Notes to the Financial Statements

## Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-8 years
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The fixed assets' residual values are determined at nil.

## Impairment of fixed assets

The carrying amounts of property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by depreciation.

The recoverable amount of the asset is calculated as the higher of net selling price and value in use. Where a recoverable amount cannot be determined for the individual asset, the assets are assessed in the smallest group of assets for which a reliable recoverable amount can be determined based on a total assessment.

## Other fixed asset investments

Fixed asset investments consist of deposits.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale, raw materials and consumables equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## 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.

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

# Notes to the Financial Statements

## Prepayments

Prepayments comprise prepaid expenses concerning rent, insurance premiums and subscriptions.

## Provisions

Provisions are recognised when - in consequence of an event occurred before or on the balance sheet date - the Company has a legal or constructive obligation and it is probable that economic benefits must be given up to settle the obligation.

## Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

## Current tax receivables and liabilities

Current tax receivables and liabilities are recognised in the balance sheet at the amount calculated on the basis of the expected taxable income for the year adjusted for tax on taxable incomes for prior years. Tax receivables and liabilities are offset if there is a legally enforceable right of set-off and an intention to settle on a net basis or simultaneously.

## Financial liabilities

Debts are measured at amortised cost, substantially corresponding to nominal value.

## Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

### *Cash flows from operating activities*

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

### *Cash flows from investing activities*

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

### *Cash flows from financing activities*

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

# Notes to the Financial Statements

## *Cash and cash equivalents*

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## **Financial Highlights**

### **Explanation of financial ratios**

Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$