DAPSI INTERNATIONAL APS

Prinsessens Kvarter 10, DK-7000 Fredericia,

ANNUAL REPORT FOR 1 JANUARY 2024 - 31 DECEMBER 2024

CVR No 37.24.64.33
The annual report was presented and adopted at the Annual General Meeting of the Company on 26 June 2025.

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Valentine Anthony Bohan

Chairman of the General Meeting

FINANCIAL STATEMENTS
For the Year Ended 31 December 2024

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FINANCIAL STATEMENTS
For the Year Ended 31 December 2024

The Executive Board has today considered and adopted the annual report of Dapsi International ApS for the financial year 1 January - 31 December 2024.

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 2024 of the Company and of the results of the Company operations for 2024.

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.

26 June 2025

Executive Board

Nancy Mable Walker Buurma

Valentine Anthony Bohan

Building a better working world

Independent auditor's report

To the shareholders of Dapsi International ApS

Opinion

We have audited the financial statements of Dapsi International ApS for the financial year 1 January – 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are 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 of the Company at 31 December 2024 and of the results of the Company's operations for the financial year 1 January – 31 December 2024 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

Independence

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.

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 as to 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 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 the financial statements.

As part of an audit conducted in accordance with ISAs and 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.

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 note 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 the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the 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 the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the 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 the Management's review.

Copenhagen, 26 June 2025
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Kennet Hartmann
State Authorised Public Accountant
mne40036

Rikke Buchholt
State Authorised Public Accountant
mne46359

COMPANY INFORMATION
For the Year Ended 31 December 2024

The Company	Dapsi International ApS Prinsessens Kvarter 10 DK-7000 Fredericia
	CVR No: 37.24.64.33 Financial period: 1 January- 31 December Municipality of reg. office: Fredericia
Executive Board	Nancy Mable Walker Buurma Valentine Anthony Bohan
Auditors	EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36 DK-2000 Frederiksberg
Bankers	Citibank Hedegaardsvej 88, 1. 2300 Kobenhavn S

Financial Highlights

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

	2024 TDKK	2023 TDKK	2022 TDKK	2021 TDKK	2020 TDKK
Key figures					
Profit/loss					
Revenue	1,018,215	614,030	567,770	563,036	167,803
Operating profit/loss	43,962	11,930	(228,420)	11,901	51
Net financials	(21,139)	(15,964)	2,519	(578)	(5,443)
Profit/(Loss) for the year	4,230	(264,741)	79,556	34,290	(4,306)
Balance sheet					
Balance sheet total	6,397,895	5,252,009	5,753,358	5,281,397	4,748,050
Equity	4,471,686	4,467,456	4,732,197	4,346,565	4,312,275
Investment in property, plant and equipment	1,656,498	565,704	178,720	961,598	1,928,995
Number of employees	38	35	35	32	25
Ratios					
Profit margin	1.0 %	(52.9)%	18.4 %	7.9 %	30.3 %
Return on assets	0.2 %	(6.2)%	1.8 %	0.8 %	1.1 %
Solvency ratio	69.9 %	85.1 %	82.3 %	82.3 %	90.8 %
Return on equity	0.1 %	(5.8)%	1.1 %	0.8 %	(0.2)%
Liquidity ratio	7.4 %	26.8 %	51.0 %	11.9 %	47.7 %

Explanation of financial ratios

Profit margin	$\frac{\text{Profit before financials x 100}}{\text{Revenue}}$
Return on assets	$\frac{\text{Profit before financials x 100}}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end x 100}}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year x 100}}{\text{Average equity}}$
Liquidity ratio	$\frac{\text{Current assets x 100}}{\text{Current liabilities}}$

The Company has restated its figures in 2022 and forward to reflect the recognition of Power Purchase Agreements (PPA) as Derivative Financial Instruments. It has not been practically feasible to reliably estimate the impact to the figures for 2020 and 2021 stated above in the financial highlights despite the prior period restatement impacting the financial position throughout this period.

MANAGEMENT'S REVIEW
For the Year Ended 31 December 2024

Key activities

Dapsi International ApS is engaged in the provision of hosting services to other group companies.

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

The income statement of the Company for 2024 shows a profit of TDKK 4,230, and at 31 December 2024 the balance sheet of the Company shows equity of TDKK 4,471,686.

The Company recorded a loss before tax of TDKK 10,895 for 2024 which is an increase of TDKK 329,605 compared with 2023 and is below expectations which were set at 5 - 20%, primarily as a result of derivative losses of TDKK 48,516. The profit before losses on derivatives amounted to TDKK 37,621.

The Company has no plans or intention to restructure, reorganize or dispose of any assets other than those reflected in these financial statements, which could materially affect the book value or the classification of assets and liabilities, presentation of the income statement or which should be disclosed in these accounts. There are no future changes anticipated in the business of the Company at this time.

The directors of the Company have received written assurances from its ultimate parent undertaking, Alphabet Inc. that it will continue to provide adequate financial support to the Company for a period of at least twelve months from the date of approval of these financial statements to enable the Company to discharge its obligations to all creditors as they fall due. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

Outlook

The Company expects operating costs to increase in 2025. As such, profits before gain/(loss) on derivative financial instruments are expected to increase by a factor of 5 - 25% in 2025.

Forward-looking statements are subject to risks and uncertainties that could cause the Company's actual results to differ materially from those expressed in the forward looking statements.

Uncertainty relating to measurement

The Company has Power Purchase Agreements which are measured at fair value. Please refer to note 14 for further information.

Corporate Social Responsibility

In accordance with the Danish Financial Statements Act (DFSA - section 99a), the parent company Google LLC, Corporate Identity Number 3582691, incorporated in the United States of America, prepares a non-financial social responsibility report for the group pursuant to the European Union (EU) Non-Financial Reporting Directive (NFRD) 2014/95/EU which includes Dapsi International ApS. This report is available on Google's corporate website at https://www.gstatic.com/gumdrop/sustainability/google-2025-eu-nfrd-report.pdf

Data ethics

In accordance with the Danish Financial Statements Act (DFSA - section 99d), the parent company Google LLC, Corporate Identity Number 3582691, incorporated in the United States of America, prepares a data ethics report for the group pursuant to the European Union (EU) NonFinancial Reporting Directive (NFRD) 2014/95/EU which includes Dapsi International ApS. This report is available on Google's corporate website at https://www.gstatic.com/gumdrop/sustainability/google-2025-eu-nfrd-report.pdf

Operating risks

As a provider of hosting services to other group companies , the Company's principal risks and uncertainties relate to scaling back its operations due to a reduction in demand for its services. The demand for its services would be impacted by the principal risks and uncertainties faced by Google Ireland Limited and Google LLC, namely:

- These businesses face intense competition. If they do not continue to innovate and provide products and services that are useful to users, they may not remain competitive, and their revenues and operating results could be adversely affected.
- These businesses generate their revenues almost entirely from advertising, and the reduction in spending by or loss of advertisers could seriously harm them.
- A variety of new and existing U.S. and foreign laws could subject these businesses to claims or otherwise harm them.

Subsequent events

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

INCOME STATEMENT
For the Year Ended 31 December 2024

	Note	2024	2023
		TDKK	TDKK
Revenue	4	1,018,215	614,030
Other external expenses	5	(364,238)	(163,129)
Gross profit		**653,977**	**450,901**
Staff expenses	6	(43,125)	(40,121)
Depreciation and impairment of property, plant and equipment	7	(566,889)	(398,850)
Other operating income	8	14,798	36,171
Other operating expenses	9	(48,516)	(372,638)
Profit/(Loss) before financial income and expenses		**10,245**	**(324,537)**
Financial income	10	19,482	492
Financial expenses	11	(40,622)	(16,455)
Loss before tax		**(10,895)**	**(340,500)**
Tax on loss for the year	12	15,125	75,759
Profit/(loss) for the year		**4,230**	**(264,741)**

BALANCE SHEET
As at 31 December 2024

Assets	Note	2024	2023
		TDKK	TDKK
Land and buildings		3,715,812	3,739,946
Plant and machinery		2,340,957	969,703
Other fixtures and fittings, tools and equipment		5,735	3,158
Property, plant and equipment in progress		194,299	294,956
Property, plant and equipment	13	**6,256,803**	**5,007,763**
Derivative financial instruments	14	—	33,755
Non-Current Prepayments		89	116
Fixed assets		**6,256,892**	**5,041,634**
Receivables from group enterprises		63,938	154,375
Other receivables		39,121	19,348
Derivative financial instruments	14	21,013	26,470
Deferred tax asset	15	16,864	2,674
Corporation tax receivable from group enterprises		—	7,482
Prepayments and other assets	16	67	26
Receivables		**141,003**	**210,375**
Currents assets		**141,003**	**210,375**
Assets		**6,397,895**	**5,252,009**

BALANCE SHEET
As at 31 December 2024

Liabilities and equity	Note	2024	2023
		TDKK	TDKK
Share capital		4,200,150	4,200,150
Share premium account		116,900	116,900
Retained earnings	17	154,636	150,406
Equity	18	**4,471,686**	**4,467,456**
Derivative financial instruments	14	9,304	—
Long-term debt	19	**9,304**	**—**
Trade payables		30,303	15,269
Payables to group enterprises	20	1,834,120	753,531
Other payables	19	52,482	15,753
Short-term debt		**1,916,905**	**784,553**
Debt		**1,926,209**	**784,553**
Liabilities and equity		**6,397,895**	**5,252,009**

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STATEMENT OF CHANGES IN EQUITY
For the Year Ended 31 December 2024

2024	Note	Share capital TDKK	Share premium account TDKK	Retained earnings TDKK	Total TDKK
Equity at 1 January		4,200,150	116,900	150,406	4,467,456
Transferred: see distribution of profit/loss	17	—	—	4,230	4,230
Equity at 31 December		4,200,150	116,900	154,636	4,471,686

1. Going concern

The directors of the Company have received written assurances from its ultimate parent undertaking, Alphabet Inc. that it will continue to provide adequate financial support to the Company for a period of at least twelve months from the date of approval of these financial statements to enable the Company to discharge its obligations to all creditors as they fall due. On this basis, the directors are satisfied that it is appropriate to prepare the financial statements on a going concern basis.

2. Critical accounting estimates and judgements

Key source of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities and the reported amounts of revenue and expenses within the next financial year are discussed below:

Derivative financial instruments

The Company's derivative financial assets and liabilities are measured at fair value. In order to determine the appropriate fair value for such assets and liabilities, the Company has used certain estimates along with appropriate valuation techniques. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available. Significant unobservable inputs which are based on estimates at the reporting date include expected electricity output and market data for electricity forward prices and price volatility. The valuation of forward electricity price contracts are sensitive to such estimates. Further information on the fair value measurement of such instruments is provided in note 14.

3. Subsequent events

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

4. Revenue

	2024 TDKK	2023 TDKK
Denmark	—	—
Rest of Europe	1,018,215	614,030
America	—	—
	1,018,215	**614,030**

Geographical segment and business are similar, hence they are disclosed together.

5. Fees paid to auditor appointed at the annual general meeting

	2024 TDKK	2023 TDKK
Total Fees to EY	**387**	**311**
Fee for Statutory audit	387	311
	387	**311**

6. Staff expenses

	2024 TDKK	2023 TDKK
Wages and salaries	38,450	35,478
Pensions	3,014	2,786
Other staff expenses	1,661	1,857
	43,125	**40,121**
Average number of employees	**38**	**35**

The directors receive remuneration in respect of their services of the Company from other group companies. The cost of the services that they provide to the Company is estimated at 120,000 DKK.

7. Depreciation and impairment of property, plant and equipment

	2024 TDKK	2023 TDKK
Depreciation of property, plant and equipment	530,228	397,439
Impairment of property, plant and equipment	36,661	1,411
	566,889	**398,850**

8. Other operating income

	2024 TDKK	2023 TDKK
Other operating income	14,799	36,171
	14,799	**36,171**

In order to meet carbon free energy objectives, the Company sources renewable energy through Power Purchase Agreements. Due to fluctuating energy prices in 2024, this contributed to a decrease in other operating income.

9. Other operating expenses

	2024 TDKK	2023 TDKK
(Loss) on derivative financial instruments	(48,516)	(372,638)
	(48,516)	**(372,638)**

10. Financial income

	2024 TDKK	2023 TDKK
Other financial income	280	432
Foreign exchange gains	19,202	60
	19,482	**492**

11. Financial expenses

	2024 TDKK	2023 TDKK
Interest paid to group enterprises	40,622	16,450
Other financial expenses	—	5
	40,622	**16,455**

12. Tax on loss for the year

	2024 TDKK	2023 TDKK
Current tax for the year	—	—
Deferred tax for the year	(9,398)	(76,542)
Adjustment of deferred tax concerning previous years	(5,727)	783
	(15,125)	**(75,759)**

13. Property, plant and equipment

	Land and buildings TDKK	Plant and machinery TDKK	Other fixtures and fittings, tools and equipment TDKK	Property, plant and equipment in progress TDKK	Total TDKK
Cost at 1 January 2024	4,330,346	1,587,515	8,095	294,956	6,220,912
Additions for the year	15,592	1,737,438	4,125	31,104	1,788,259
Disposals for the year	—	(16,956)	—		(16,956)
Transferred	131,761	—	—	(131,761)	—
Cost at 31 December 2024	4,477,699	3,307,997	12,220	194,299	7,992,215
Impairment losses and depreciation at 1 January 2024	590,399	617,811	4,937	—	1,213,147
Depreciation for the year	171,488	357,192	1,548	—	530,228
Reversal of impairment and depreciation of sold assets for the year	—	(7,963)	—	—	(7,963)
Impairment losses and depreciation at 31 December 2024	761,887	967,040	6,485	—	1,735,412
Carrying amount at 31 December 2024	3,715,812	2,340,957	5,735	194,299	6,256,803

14. Derivative financial instruments

Derivative Assets/(Liabilities)	TDKK
Balance at 31 December 2023	**60,225**
Total gains/(losses) in profit and loss	(48,516)
Balance at 31 December 2024	**11,709**

	2024 TDKK	2023 TDKK
Debtors - amounts falling due after more than one year	—	33,755
Forward electricity price contracts		
Debtors - amounts falling due within one year	21,013	26,470
Forward electricity price contracts		
Creditors - amounts falling due after more than one year	9,304	—

In order to meet carbon free energy objectives, the Company sources renewable energy through long term physical Power Purchase Agreements (PPAs). Under the physical PPAs, the company procures renewable energy and associated green electricity certificates.

The Company has analysed its physical PPAs and it has been concluded that the own use exemption has not been met and the contracts are therefore accounted for as derivatives measured at fair value recognised in the income statement.

The PPAs which have maturity dates ranging from June 2030 - January 2032 relate to underlying solar projects with expected estimated output of 2,063 gigawatt hours and measured at the DK2 spot price.

Measurement of the Power Purchase Agreements is associated with uncertainty as a result of certain inputs used in the model for calculating the fair value of the Power Purchase Agreements. The fair values of the contracts are classified within Level 3 of the fair value hierarchy. Changes in the applied inputs could potentially have a significant effect on the fair values. Significant unobservable inputs include future volumes, forward electricity prices and discount rate curves.

For the fair values, reasonable possible changes to one of the significant inputs would, all other things being equal, have the following effect:

Assets:

	2024 TDKK	2023 TDKK
Gain/(loss) due to a +/- 1% change in discount rate	199	(231)
Gain/(loss) due to a +/- 20% change in power prices	10,406	(11,001)
Gain/(loss) due to a +/- 10% change in output	157	(157)

15. Deferred tax asset/liability

	2024 TDKK	2023 TDKK
Deferred tax asset/liability at 1 January	2,674	(73,085)
Amounts recognised in the income statement for the year	15,125	75,759
Adjustment of tax concerning previous years	(935)	—
Deferred tax asset at 31 December	**16,864**	**2,674**

16. Prepayments

Prepayments consist of prepaid expenses concerning rent and deposit for same and other external expenses.

17. Distribution of profit

	2024 TDKK	2023 TDKK
Retained earnings	4,230	(264,741)
	4,230	**(264,741)**

18. Equity

The share capital consists of 4,200,150,000 shares of a nominal value of TDKK 1. No shares carry any special rights. The share premium account of DKK 116,900 thousand has no limitations and can be equated with retained earning.

19. Long-term debt

Payments due within 1 year are recognised in short-term debt. Other debt is recognised as long-term debt.

The debt falls due for payment as specified below:

	2024 TDKK	2023 TDKK
Other payables		
Other short-term payables	52,482	15,753
	52,482	**15,753**

20. Payables to group enterprises

Payables to group enterprises includes amounts that relate to the Company's participation in an intragroup cash pooling program. The program involves the transfer of cash amounts, bank overdrafts and balances with related parties, to an intragroup cash pooling company, as part of the efficient management of cash and related party balances within the wider group.

21. Contingent assets, liabilities and other financial obligations

	2024 TDKK	2023 TDKK
Rental and lease obligations	8,888	4,772

The Company has entered into rental and lease agreements.

Other contingent liabilities

The group companies are jointly and 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 dividend tax, tax on royalty payments and tax on unearned income. Google Denmark is the management company of the joint taxation group.

22. Related parties

	Basis
Controlling interest	
Moonville Limited, Ireland	Parent Company
Alphabet Inc., USA	Ultimate 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.

The Company has no transactions which have not been on arm's length basis.

Consolidated Financial Statements

The Company is included in the Group Annual Report of the Ultimate Parent Company:

Name	Place of registered office
Alphabet Inc.	USA

The Group Annual Report of Alphabet Inc. may be obtained at the following address:

1600 Amphitheatre Parkway, Mountain View,
California 94043,
USA
Investor.google.com

23. Accounting Policies

The Annual Report of Dapsi International ApS for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large-sized enterprises of reporting class C.

The Financial Statements for 2024 are presented in TDKK.

The accounting policies applied remain unchanged from last year.

Cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act and to the cash flow statement included in the consolidated financial statements of Alphabet Inc., the Company has not prepared a cash flow statement.

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.

Transactions and balances

Transactions in currencies other than the Company's functional currency ("foreign currency") are recorded at rates of exchange which approximates the actual rates on the date of the transaction. At each reporting date, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items and on translation of monetary items are included in profit or loss for the financial year.

Income Statement

Revenue

The Company has chosen IAS11/IAS 18 as interpretation for revenue recognition.

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.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, 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 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 service.

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

Other external expenses

Other external expenses comprise cost relating to advertising, administration, premises, operating lease expenses and similar expenses.

Staff expenses

Staff costs comprise wages and salaries, including holiday allowance and pensions, and other social security costs for the Company's employees.

Depreciation and impairment of property, plant and equipment

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 fixed assets and fair value gain/loss on financial derivatives.

Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year. Financial income and expenses comprise interest income and expense, as well as realised and unrealised gains and losses on transactions denominated in foreign currencies.

Tax on 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 loss 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 Danish group enterprises. The tax effect of the joint taxation is allocated to enterprises in proportion to their taxable income.

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses. Land is not depreciated.

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	1 - 5 years
Buildings	15 - 40 years
Plant and machinery	1 - 20 years

In case of changes in the depreciation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates

Depreciation period and residual value are reassessed annually.

Impairment of property, plant and equipment

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

If so, the asset is written down to its lower recoverable amount.

Financial Assets

Financial Assets consist of deposits and long term receivables.

Derivative financial instruments

In order to meet carbon free energy objectives, the Company has a policy to source renewable energy through long term physical Power Purchase Agreements (PPAs). Under the physical PPAs, the company procures renewable energy and associated green electricity certificates.

If a physical PPA does not meet the own use exemption, the PPAs are treated as derivatives measured at fair value with movements recognised in the income statement.

All changes in fair value are recognised in the income statement as and when they occur, and are included in 'Other operating income and expenses’.

Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Derivatives are not offset in the financial statements unless the Company has both a legally enforceable right and intention to offset.

In order to determine the appropriate fair value for such assets and liabilities, the Company has used certain estimates along with appropriate valuation techniques. In estimating the fair value of an asset or a liability, the Company uses market-observable data to the extent it is available.

Significant unobservable inputs which are based on estimates at the reporting date include expected electricity output from energy generators and market data for electricity forward prices and price volatility.

The valuation of forward electricity price contracts are sensitive to such estimates. Further information on the fair value measurement of such instruments is provided in note 14.

Receivables

The Company has chosen IAS 39 as interpretation for impairment write-down of financial receivables.

Receivables are measured at amortised cost.

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. The objective evidence applied to portfolios is determined based on historical loss experience.

Impairment losses are calculated as the difference between the carrying amount of the receivables and the present value of the expected cash flows, including the realisable value of any collateral received. The effective interest rate of the individual receivable or portfolio is used as discount rate.

Prepayments

Prepayments comprise prepaid expenses concerning subsequent financial reporting years.

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 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.

Corporation tax payable to group enterprises

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in tax on profit/(loss) for the year.

Financial debts

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

Fair value

Fair value is determined based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability. All assets and liabilities that are measured at fair value or whose fair value is disclosed are classified based on the fair value hierarchy, see below:

- Level 1:Value based on the fair value of similar assets/liabilities in an active market.
- Level 2:Value based on generally accepted valuation methods on the basis of observable market information.
- Level 3:Value based on generally accepted valuation methods and reasonable estimates based on non-observable market information.

If a reliable fair value cannot be stated according to the above levels, the asset or liability is measured at cost.

Segment information

Information is disclosed by activities and geographical markets if the assets and markets, respectively, diverge significantly with regard to the planning of sales of goods and services.

Segment information is based on the Company's accounting policies, risks and management control.