
EPCIDO A/S

Sakskøbingvej 6, DK-7400 Herning

Annual Report for 1 November 2023 - 31 October 2024

CVR No. 37 86 59 66

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 16/1 2025

Brian Kærgaard
Mathiesen
Chair of the general
meeting



Contents

	<u>Page</u>
Management's Statement and Auditor's Report	
Management's Statement	1
Independent Auditor's Report	2
Management's Review	
Company information	4
Financial Highlights	5
Management's Review	6
Financial Statements	
Income Statement 1 November - 31 October	8
Balance sheet 31 October	9
Statement of changes in equity	11
Cash Flow Statement 1 November - 31 October	12
Notes to the Financial Statements	13

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of EPCIDO A/S for the financial year 1 November 2023 - 31 October 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 October 2024 of the Company and of the results of the Company operations and cash flows for 2023/24.

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.

Herning, 16 January 2025

Executive Board

Flemming Noes Lorentzen
Executive Officer

Pawel Lukasz Rosiak
Executive Officer

Board of Directors

Brian Kærgaard Mathiesen
Chair

Lars Jensen

Flemming Noes Lorentzen

Srikanth Apputhurai

Pawel Lukasz Rosiak

Mads Kragh Jensen

Independent Auditor's report

To the shareholder of EPCIDO A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 October 2024 and of the results of the Company's operations and cash flows for the financial year 1 November 2023 - 31 October 2024 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of EPCIDO A/S for the financial year 1 November 2023 - 31 October 2024, 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.

Trekantområdet, 16 January 2025

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Lars Almskou Ohmeyer
State Authorised Public Accountant
mne24817

Heidi Bonde
State Authorised Public Accountant
mne42815

Company information

The Company	EPCIDO A/S Sakskøbingvej 6 DK-7400 Herning CVR No: 37 86 59 66 Financial period: 1 November 2023 - 31 October 2024 Incorporated: 11 July 2016 Municipality of reg. office: Herning
Board of Directors	Brian Kærgaard Mathiesen, chair Lars Jensen Flemming Noes Lorentzen Srikanth Apputhurai Pawel Lukasz Rosiak Mads Kragh Jensen
Executive Board	Flemming Noes Lorentzen Pawel Lukasz Rosiak
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

Financial Highlights

Seen over a 5-year period, the development of the Company is described by the following financial highlights:

	2023/24	2022/23	2021/22	2021	2020
	TDKK	TDKK	TDKK	TDKK 10 months	TDKK
Key figures					
Profit/loss					
Revenue	59,535	71,445	59,142	55,019	36,717
Gross profit	9,813	9,719	9,869	10,256	10,057
EBITDA	5,421	6,304	6,805	9,396	6,651
Depreciation, amortisation and impairment	-657	-718	-519	-422	-435
Profit/loss of primary operations	4,764	5,586	6,287	8,974	6,217
Profit/loss of financial income and expenses	805	1,841	1,752	-173	-49
Profit/loss before tax	5,569	7,428	8,038	8,802	6,167
Tax on profit/loss for the year	-931	-1,210	-1,390	-1,942	-1,361
Net profit/loss for the year	4,638	6,218	6,648	6,860	4,806
Balance sheet					
Balance sheet total	21,029	26,772	23,339	18,631	10,630
Investment in property, plant and equipment	133	90	163	1,137	873
Equity	14,231	18,406	18,224	10,230	7,270
Cash flows					
Cash flows from:					
- operating activities	5,804	5,026	6,999	3,494	6,495
- investing activities	-133	-405	-1,263	-1,137	-873
- financing activities	-9,085	-3,461	-806	-2,136	-3,605
Change in cash and cash equivalents for the year	-3,414	1,160	4,930	221	2,017
Number of employees	6	5	5	2	2
Ratios					
Gross margin	16.5%	13.6%	16.7%	18.6%	27.4%
Profit margin	8.0%	7.8%	10.6%	16.3%	16.9%
Return on assets	22.7%	20.9%	26.9%	48.2%	58.5%
Solvency ratio	67.7%	68.8%	78.1%	54.9%	68.4%
Return on equity	28.4%	34.0%	46.7%	78.4%	72.1%

The key figures have been prepared in accordance with the recommendations and key figures of the Finance Association. In connection with changes to accounting policies, the comparative figures for 2020, 2021 and 2021/22 have not been restated. Please refer to the definitions in the section on accounting policies.

Management's review

Key activities

Epcido are specialists in assembly, installation, service and modernization of E-commerce centers, logistics, productions, and commercial buildings.

Epcido is a leader in electrical, mechanical installations as well as service and maintenance on a global level.

Development in the year

The income statement for Epcido A/S for 2023/24 shows a turnover of DKK 59,534,952 and a result before financial items of DKK 4,763,779.

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

In the fiscal year, Epcido has maintained its focus on various key aspects, including business development, delivery, service enhancement, and the installation of advanced production facilities, products, processes, and digitization for its clientele.

The results for the year have not met expectations due to slower work progress on key projects and increased investments in ERP implementation and Epcido Academy.

The management systems of the group are being reinforced and tailored, continuing to be integrated into the IT management platform in 2023/24, effectively digitizing the company. The objective is to cultivate a performance-driven culture across the organization to maximize customer value in the future.

2024 marked a significant IT transformation as the company transitioned from five different accounting systems to a single unified solution - Microsoft Dynamics Business Central 365. This transition was successfully completed, with all accounting processes migrating to the new system from November 1, 2024.

As part of the strategic direction, investments have been allocated in the past and current years towards establishing our training and education center in Gdansk - Epcido Academy. This initiative strengthens the Epcido Group for the upcoming year, enabling enhanced service delivery along the customer value chain.

The official opening of the Epcido Academy in July 2024 in Poland aimed to educate the first 25 electricians by the end of December 2024. Future plans include educating 75 electricians and 25 mechanics in 2025.

At the beginning of 2024, Epcido made a strategic decision to centralize all procurement activities for tools and equipment into a newly established warehouse in Gdansk. This facility will serve as the group's logistic hub for supplying projects worldwide with necessary tools and equipment.

Last year's expectations for 2023/24 were revenue growth of 0% to 20% and earnings before tax (EBT) of 10% to 20%. The expectations regarding revenue growth have not been fulfilled because there has been slower progress on a few projects. Earnings before tax are lower than expected. There are 3 main reasons for this; 1. Increased investments in Epcido Academy, 2. Implementation of Business Central and 3. Lower turnover on a few projects.

General risks

The company's activities include project planning, material delivery of larger and complex solutions for industry, which entails both technical and contractual risks.

However, it is the management's assessment that the company currently has internal systems and procedures that ensure that the year's activities can be carried out without significant technical and contractual risks.

Foreign exchange risks

All revenue is in DKK, EUR, and USD. As a result, the company runs a low risk of fluctuations in exchange rates. Attempts are made to hedge the uncertainties in currencies by reducing net positions.

Management's review

Credit risks

The company's customer portfolio consists primarily of international systems integrators, as well as larger reputable companies which are considered to have a good credit rating. As part of the tender process, customers are subject to regular credit assessments. Credit risks are sought minimized through payment terms and LoC that reduce exposure.

Targets and expectations for the year ahead

The year 2024 marked a record-breaking period in the number of requests received by the Epcido Group. A noticeable uptick in requests compared to the previous year posed a significant challenge, particularly in light of the limited resources available to manage and execute all projects effectively. The introduction of newly trained electricians and mechanics from our in-house training facility is poised to enhance Epcido's project execution capacity in the upcoming year, heralding a promising future for the organization.

Despite a decrease in activities in North America compared to previous years, Epcido secured a higher number of projects in the EMEA region, strategically balancing its project portfolio.

As we look towards the upcoming fiscal year, the outlook for the entire Epcido Group is one of optimism. Anticipating revenue growth at the Group level ranging from 10% to 20% and project earnings before tax (EBT) of 20% to 40% for 2024/25, our projections are firmly supported by the existing order backlog and pipeline at the onset of the financial year. This solid foundation instills confidence in our ability to meet and exceed these targets.

Conversely, Epcido A/S is forecasted to undertake fewer projects in the upcoming period, translating to a decline in both turnover and EBT compared to the current year.

The management is resolute in its belief that a focus on the green transition will be advantageous for the company's clientele. A significant proportion of customers globally have either accelerated or are planning to accelerate their investments towards sustainable initiatives, aligning with the company's strategic direction and market trends.

External environment

The company is aware of its responsibility in relation to both the external and internal environment and takes the necessary considerations into account when carrying out the individual work tasks, as well as environmental conditions in the company's services and deliveries to customers.

The company is ISO 9001, ISO 14001, and ISO 45001. The UN's SDG goals are thus the basis for the strategic direction for the company, with the clear goal being to contribute technological solutions that reduce the environmental impact.

Intellectual capital resources

The company is a knowledge-based company, where the company's most important resources are the skills and knowledge possessed by the employees. Competence development and knowledge sharing are keywords and initiatives to attract and retain employees have a high priority. Our cooperation with the educational institutions ensures us a fixed pipeline of qualified resources.

Meanwhile, Epcido in Gdansk PL has set up their own Epcido Academy for upskilling current employees, as well as training new employees to take social responsibility to ensure qualified labor for the future. Which has already resulted in solutions and subsequent employment.

Subsequent events

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

Income statement 1 November 2023 - 31 October 2024

	Note	2023/24	2022/23
		DKK	DKK
Revenue		59,534,952	71,444,652
Other operating income		1,872,311	239,161
Expenses for raw materials and consumables		-46,396,515	-56,295,308
Other external expenses		-5,197,952	-5,669,575
Gross profit		9,812,796	9,718,930
Staff expenses	1	-4,391,655	-3,414,872
Amortisation, depreciation and impairment losses of intangible assets and property, plant and equipment		-657,362	-717,681
Profit/loss before financial income and expenses		4,763,779	5,586,377
Income from investments in subsidiaries		931,154	1,932,707
Financial income	2	86,352	114,971
Financial expenses		-212,633	-206,515
Profit/loss before tax		5,568,652	7,427,540
Tax on profit/loss for the year	3	-931,122	-1,209,879
Net profit/loss for the year		4,637,530	6,217,661

Distribution of profit

	2023/24	2022/23
	DKK	DKK
Proposed distribution of profit		
Proposed dividend for the year	0	9,000,000
Reserve for net revaluation under the equity method	931,154	1,932,707
Retained earnings	3,706,376	-4,715,046
	4,637,530	6,217,661

Balance sheet 31 October 2024

Assets

	Note	2023/24	2022/23
		DKK	DKK
Acquired licenses		1,556,150	2,026,250
Intangible assets	4	1,556,150	2,026,250
Other fixtures and fittings, tools and equipment		200,496	254,558
Property, plant and equipment	5	200,496	254,558
Investments in subsidiaries	6	6,227,922	5,109,269
Fixed asset investments		6,227,922	5,109,269
Fixed assets		7,984,568	7,390,077
Trade receivables		1,432,233	6,976,086
Contract work in progress	7	2,079,706	298,707
Receivables from group enterprises		2,193,491	1,258,064
Other receivables		0	49,032
Corporation tax		155,541	0
Corporation tax receivable from group enterprises		0	206,055
Prepayments		40,553	36,872
Receivables		5,901,524	8,824,816
Cash at bank and in hand		7,142,621	10,557,074
Current assets		13,044,145	19,381,890
Assets		21,028,713	26,771,967

Balance sheet 31 October 2024

Liabilities and equity

	Note	2023/24	2022/23
		DKK	DKK
Share capital		500,000	500,000
Reserve for net revaluation under the equity method		6,041,980	4,923,327
Retained earnings		7,689,231	3,982,855
Proposed dividend for the year		0	9,000,000
Equity		14,231,211	18,406,182
Provision for deferred tax		286,895	386,429
Provisions		286,895	386,429
Trade payables		1,265,943	3,919,325
Contract work in progress	7	41,388	0
Payables to group enterprises		3,345,272	2,495,284
Corporation tax		0	602,739
Payables to group enterprises relating to corporation tax		1,095,564	0
Other payables		762,440	962,008
Short-term debt		6,510,607	7,979,356
Debt		6,510,607	7,979,356
Liabilities and equity		21,028,713	26,771,967
Contingent assets, liabilities and other financial obligations	10		
Related parties	11		
Accounting Policies	12		

Statement of changes in equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Total
	DKK	DKK	DKK	DKK	DKK
Equity at 1 November	500,000	4,923,327	3,982,855	9,000,000	18,406,182
Exchange adjustments	0	187,499	0	0	187,499
Ordinary dividend paid	0	0	0	-9,000,000	-9,000,000
Net profit/loss for the year	0	931,154	3,706,376	0	4,637,530
Equity at 31 October	500,000	6,041,980	7,689,231	0	14,231,211

Cash flow statement 1 November 2023 - 31 October 2024

	Note	2023/24	2022/23
		DKK	DKK
Result of the year		4,637,530	6,217,661
Adjustments	8	783,611	-152,764
Change in working capital	9	996,643	780,382
Cash flow from operations before financial items		6,417,784	6,845,279
Financial income		86,352	114,971
Financial expenses		-212,633	-206,515
Cash flows from ordinary activities		6,291,503	6,753,735
Corporation tax paid		-487,317	-1,727,678
Cash flows from operating activities		5,804,186	5,026,057
Purchase of intangible assets		0	-450,000
Purchase of property, plant and equipment		-133,200	-90,000
Fixed asset investments made etc		0	-185,933
Sale of property, plant and equipment		0	320,775
Cash flows from investing activities		-133,200	-405,158
Repayment of payables to group enterprises		-85,439	2,538,920
Dividend paid		-9,000,000	-6,000,000
Cash flows from financing activities		-9,085,439	-3,461,080
Change in cash and cash equivalents		-3,414,453	1,159,819
Cash and cash equivalents at 1 November		10,557,074	9,397,255
Cash and cash equivalents at 31 October		7,142,621	10,557,074
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7,142,621	10,557,074
Cash and cash equivalents at 31 October		7,142,621	10,557,074

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
1. Staff expenses		
Wages and salaries	3,707,277	2,999,174
Pensions	629,425	371,809
Other social security expenses	54,953	43,889
	4,391,655	3,414,872
 Average number of employees	 6	 5
	2023/24	2022/23
	DKK	DKK
2. Financial income		
Interest received from group enterprises	17,601	20,924
Other financial income	35,095	25,596
Exchange adjustments	33,656	68,451
	86,352	114,971
	2023/24	2022/23
	DKK	DKK
3. Income tax expense		
Current tax for the year	1,119,419	1,177,704
Deferred tax for the year	-99,534	32,175
Adjustment of tax concerning previous years	-88,763	0
	931,122	1,209,879

Notes to the Financial Statements

4. Intangible fixed assets

	Acquired licenses
	DKK
Cost at 1 November	2,503,420
Cost at 31 October	2,503,420
Impairment losses and amortisation at 1 November	477,170
Amortisation for the year	470,100
Impairment losses and amortisation at 31 October	947,270
Carrying amount at 31 October	1,556,150
Amortised over	3-6 years

5. Property, plant and equipment

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 November	1,287,746
Additions for the year	133,200
Cost at 31 October	1,420,946
Impairment losses and depreciation at 1 November	1,033,188
Depreciation for the year	187,262
Impairment losses and depreciation at 31 October	1,220,450
Carrying amount at 31 October	200,496
Amortised over	2-5 years

Notes to the Financial Statements

	2023/24 DKK	2022/23 DKK
6. Investments in subsidiaries		
Cost at 1 November	185,942	9
Additions for the year	0	185,933
Cost at 31 October	185,942	185,942
Value adjustments at 1 November	4,923,327	3,025,826
Exchange adjustment	187,499	-35,206
Net profit/loss for the year	931,154	1,932,707
Value adjustments at 31 October	6,041,980	4,923,327
Carrying amount at 31 October	6,227,922	5,109,269

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Epcido Ltd.	London, UK	100%
Epcido GmbH	Harrislee, Germany	100%

	2023/24 DKK	2022/23 DKK
7. Contract work in progress		
Selling price of work in progress	17,842,701	6,284,135
Payments received on account	-15,804,383	-5,985,428
	2,038,318	298,707
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	2,079,706	298,707
Prepayments received recognised in debt	-41,388	0
	2,038,318	298,707

Notes to the Financial Statements

	2023/24	2022/23
	DKK	DKK
8. Cash flow statement - Adjustments		
Financial income	-86,352	-114,971
Financial expenses	212,633	206,515
Depreciation, amortisation and impairment losses, including losses and gains on sales	657,362	478,520
Income from investments in subsidiaries	-931,154	-1,932,707
Tax on profit/loss for the year	931,122	1,209,879
	783,611	-152,764

	2023/24	2022/23
	DKK	DKK
9. Cash flow statement - Change in working capital		
Change in inventories	0	378,922
Change in receivables	3,808,205	-908,570
Change in trade payables, etc	-2,811,562	1,310,030
	996,643	780,382

10. Contingent assets, liabilities and other financial obligations

Rental and lease obligations

The company has assumed lease commitments amounting to DKK 672,364 as at the balance sheet date.

The company has assumed obligation to designate buyer, operating leases. Expected residual value on expiry agreement DKK 308,875.

The company has assumed rent obligation amounting to DKK 2,250,000 as at the balance sheet date.

Other contingent liabilities

The Danish 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 Eltronic Group A/S, which is the management company of the joint taxation purposes. Moreover, the Danish 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.

Notes to the Financial Statements

11. Related parties and disclosure of consolidated financial statements

Consolidated Financial Statements

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

Name	Place of registered office
Epcido Holding A/S	Herning, Danmark

The Company is also included in the Group Annual Report of the Parent Company of the largest group: Eltronic Group A/S, Hedensted, Denmark.

Notes to the Financial Statements

12. Accounting policies

The Annual Report of EPCIDO A/S for 2023/24 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to enterprises of reporting class B as well as selected rules applying to reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023/24 are presented in DKK.

Adjustment of comparative figures

Few comparative figures have been reclassified in the balance sheet in order to present the figures correctly. It has no effect on the equity or the fair view of the Annual Report.

Consolidated financial statements

With reference to section 110 of the Danish Financial Statements Act, no consolidated financial statements are prepared.

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. Exchange differences 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.

Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

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.

Notes to the Financial Statements

Income statement

Revenue

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 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.

Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve revenue for the year.

Other external expenses

Other external expenses comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

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 amortisation, depreciation and impairment of intangible assets and 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 intangible assets and property, plant and equipment.

Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

Financial income and expenses

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

Notes to the Financial Statements

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 Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

Balance sheet

Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-6 year.

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	2-5 years
--	-----------

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and 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 amortisation and depreciation.

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

Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

Notes to the Financial Statements

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.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepaid expenses concerning incurred costs concerning the following financial year.

Equity

Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

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 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 financial income and expenses.

Financial liabilities

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Notes to the Financial Statements

Other 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.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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