OKNygaard A/S

Rosbjergvej 5G, DK-8220 Brabrand

Annual Report for 2024

CVR No. 35394818

The Annual Report was presented and adopted at the Annual General Meeting of the company on 30/6 2025

Lars Møller Hansen
Chairman of the general meeting

Contents

Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of OKNygaard A/S 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.

Brabrand, 30 June 2025

Executive Board

Lars Møller Hansen
CEO

Board of Directors

Morten Hansen Chairman	Jesper Nørholt	Lars Møller Hansen

Independent Auditor's report

To the shareholder of OKNygaard 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 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.

We have audited the Financial Statements of OKNygaard A/S for the financial year 1 January - 31 December 2024, which comprise income statement, balance sheet, statement of changes in equity 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.

Ringsted, 30 June 2025

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR No 33 77 12 31

Brian Pedersen
State Authorised Public Accountant
mne28701

Keld A. M. Nielsen
State Authorised Public Accountant
mne40037

Company information

The Company	OKNygaard A/S Rosbjergvej 5G DK-8220 Brabrand CVR No: 35394818 Financial period: 1 January - 31 December Incorporated: 2 July 2013 Financial year: 12th financial year Municipality of reg. office: Aarhus
Board of Directors	Morten Hansen, chairman Jesper Nørholt Lars Møller Hansen
Executive Board	Lars Møller Hansen
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Eventyrvej 16 DK-4100 Ringsted

Financial Highlights

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

	2024	2023	2022	2021	2020
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	275,196	792,064	673,037	640,156	531,074
Gross profit	77,095	339,650	102,109	89,166	82,935
Profit/loss of primary operations	-8,996	21,286	7,170	5,669	4,403
Adjusted profit/loss of primary operations*	645	34,838	16,012	10,572	4,403
Profit/loss of financial income and expenses	-3,807	-8,853	-3,691	-2,909	-1,627
Net profit/loss for the year	-11,039	9,736	3,986	2,456	3,106
Balance sheet					
Balance sheet total	170,609	365,880	348,370	329,513	227,424
Investment in property, plant and equipment	10,099	21,765	34,063	35,079	20,560
Equity	22,653	70,253	64,317	60,331	57,707
Number of employees	131	552	517	486	473
Ratios					
Gross margin	28.0%	42.9%	15.2%	13.9%	15.6%
Profit margin	-3.3%	2.7%	1.1%	0.9%	0.8%
Adjusted profit margin	0.2%	4.4%	2.4%	1.7%	0.8%
Return on assets	-5.3%	5.8%	2.1%	1.7%	1.9%
Solvency ratio	13.3%	19.2%	18.5%	18.3%	25.4%
Solvency ratio excl. factoring debt	24.7%	27.3%	24.2%	21.8%	25.4%
Return on equity	-23.8%	14.5%	6.4%	4.2%	5.5%

In connection with changes to accounting policies, the comparative figures for 2020, 2021 and 2022 have not been restated. See the description under accounting policies.

*Profit/loss of primary operations excluding integration cost and allocated group management cost for strategic and central support.

Management's review

Key activities

OKNygaard's ambition is to be the ones who create landscape in Denmark's green outdoor areas and urban spaces and we want to be recognized as trusted landscape gardener and climate contractor both locally and nationwide. As part of Europe's largest landscaping group, idverde, OKNygaard draws on competencies and experience from its affiliated companies in Denmark, France, England, the Netherlands, Germany and Switzerland, and our employees are provided with the opportunity of education and development across the entire Idverde organisation and national borders. We have our head office in Aarhus and branches throughout Denmark. This gives us the opportunity to work for both large nationwide and small local customers. More than 100 landscape gardeners and climate specialists are ready to solve customers' tasks, no matter where in the country we are needed.

OKNygaard performs all types of tasks in connection with landscaping and climate solutions. The landscape gardening business is one business area, Landscaping, with associated deliveries within climate, local drainage of rainwater, sewerage and renovation. The customers are business-to-business and public companies, housing associations, institutions as well as nationwide chain companies and organizations.

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

With effect from 1 January 2024, OKNygaard Maintenance business has been demerged from OKNygaard A/S to the sister company Grøn Vækst A/S (CVR.: 40895493) for consolidating idverde Group’s Maintenance business into one legal entities with the idverde DK Group.

For 2024, OKNygaard realized revenue of DKK 275 millions (compared to DKK 792 millions including the demerger OKNygaard Maintenance business). In 2024, OKNygaard has been going through a strategic commercial transformation for acting more selective in our commercial processes for pipeline management and pricing calculation. The work with the transformation and our change of commercial approach has for a short period of 2-3 months in 2024 resulted in a pause for winning new projects and the consequence for a reduced total revenue for 2024.

The profit margin before non-operating items ended at 0.2% (compared to 4.4% in 2023), which is negatively affected by a lower gross margin from several projects and not in line with our expectation and our historically normally good project executions.

Risk management

OKNygaard takes a proactive approach to risk management in order to ensure future growth for our business and secure our employees, values, assets and reputation. This work is performed partly by the Board of Directors and partly by day-to-day management, who actively monitor our risk management on a current basis and assess any changes and new risks. We want to act responsibly and thus have a risk policy that identifies risks, monitors them and addresses the risks that can be minimised.

Targets and expectations for the year ahead

Expectations for 2025 are characterized by an increased focus on commercial transformation, profitability and synergies from the integration plan in the idverde group, including increased collaboration with Lauge Bonde Aps in West Jutland of Denmark.

We expect a further negative revenue growth rate in the range of 10%-20% based for 2024. The profit margin before non-operating items is expected in the range of 4%-6%.

Statement of corporate social responsibility

The mandatory statement on corporate social responsibility pursuant to section 99a of the Danish Financial Statements Act is included in the parent company Armorica Danmark's (CVR.: 40895493) group management report in the section on the statement on corporate social responsibility for 2024.

Management's review

Statement on data ethics

The Board has reviewed the company's data handling, data storage, cybersecurity, and data ethical standards. Our data ethics policy includes essential aspects such as data handling, personal data the company possesses, security management of personal data, description of access rights to the company's systems, the number of years data is stored in the company, etc. In 2024, we finalized our comprehensive review, and it results in an updated data policy.

Uncertainty relating to recognition and measurement

Measurement of contract work in progress is based on accounting estimates made by management. The estimates are made in accordance with accounting policies and based on assumptions and experience that management considers realistic and responsible.

Unusual events

No unusual circumstances have occurred during the financial year that have had an impact on the for the period profit or balance sheet for the period as of 31 December 2024.

Subsequent events

No events of significant importance to the financial position of the company have occurred after the end of the financial year.

Income statement 1 January - 31 December

	Note	2024	2023
		TDKK	TDKK
Revenue	1	275,196	792,064
Other operating income		2,580	12,206
Expenses for raw materials and consumables		-169,260	-366,828
Other external expenses		-31,421	-97,792
Gross profit		**77,095**	**339,650**
Staff expenses	2	-80,092	-292,867
Depreciation and impairment losses of property, plant and equipment		-5,731	-24,741
Other operating expenses		-268	-756
Profit/loss before financial income and expenses		**-8,996**	**21,286**
Financial income	3	1,209	2,837
Financial expenses		-5,016	-11,690
Profit/loss before tax		**-12,803**	**12,433**
Tax on profit/loss for the year	4	1,764	-2,697
Net profit/loss for the year	5	**-11,039**	**9,736**

Balance sheet 31 December

Assets

	Note	2024	2023
		TDKK	TDKK
Other fixtures and fittings, tools and equipment		24,337	85,335
Leasehold improvements		408	701
Property, plant and equipment	6	**24,745**	**86,036**
Other investments	7	0	1
Deposits	7	943	3,248
Fixed asset investments		**943**	**3,249**
Fixed assets		**25,688**	**89,285**
Raw materials and consumables		1,747	3,269
Inventories		**1,747**	**3,269**
Trade receivables		67,255	151,639
Contract work in progress	8	22,126	53,907
Receivables from group enterprises		36,850	33,380
Other receivables		312	2,349
Corporation tax		0	10
Prepayments	9	9,274	12,799
Receivables		**135,817**	**254,084**
Cash at bank and in hand		**7,357**	**19,242**
Current assets		**144,921**	**276,595**
Assets		**170,609**	**365,880**

Balance sheet 31 December

Liabilities and equity

	Note	2024	2023
		TDKK	TDKK
Share capital	10	5,308	5,308
Retained earnings		15,345	58,945
Proposed dividend for the year		2,000	6,000
Equity		**22,653**	**70,253**
Provision for deferred tax	11	16,890	18,538
Provisions		**16,890**	**18,538**
Lease obligations		12,595	40,463
Other payables		2,265	6,687
Long-term debt	12	**14,860**	**47,150**
Credit institutions		47,618	80,343
Lease obligations	12	5,691	17,033
Trade payables		33,088	68,478
Contract work in progress	8	5,418	7,549
Payables to group enterprises		14,634	11,510
Other payables	12	9,757	45,026
Short-term debt		**116,206**	**229,939**
Debt		**131,066**	**277,089**
Liabilities and equity		**170,609**	**365,880**
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Statement of changes in equity

	Share capital	Retained earnings	Proposed dividend for the year	Total
	TDKK	TDKK	TDKK	TDKK
Equity at 1 January	5,308	58,945	6,000	70,253
Net effect from demerger and business sale under the uniting of interests method	0	-30,561	0	-30,561
Adjusted equity at 1 January	5,308	28,384	6,000	39,692
Ordinary dividend paid	0	0	-6,000	-6,000
Net profit/loss for the year	0	-13,039	2,000	-11,039
Equity at 31 December	**5,308**	**15,345**	**2,000**	**22,653**

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK

1. Revenue

	2024 TDKK	2023 TDKK
Geographical segments		
Revenue, Denmark	275,196	792,064
	275,196	**792,064**
Business segments		
Construction work	275,196	369,668
Operation and maintenance	0	422,396
	275,196	**792,064**

2. Staff expenses

	2024 TDKK	2023 TDKK
Wages and salaries	70,455	261,226
Pensions	7,015	23,141
Other social security expenses	2,622	8,500
	80,092	**292,867**
Including remuneration to the Executive Board and Board of Directors:		
Executive board	1,969	2,326
Board of directors	120	120
	2,089	**2,446**
Average number of employees	**131**	**552**

3. Financial income

	2024 TDKK	2023 TDKK
Interest from group enterprises	1,136	2,416
Other financial income	73	421
	1,209	**2,837**

Notes to the Financial Statements

4. Income tax expense

	2024	2023
	TDKK	TDKK
Deferred tax for the year	-1,764	2,697
Adjustment of tax concerning previous years	-1,519	-968
Adjustment of deferred tax concerning previous years	1,519	968
	-1,764	**2,697**

5. Profit allocation

	2024	2023
	TDKK	TDKK
Extraordinary dividend paid	0	3,800
Proposed dividend for the year	2,000	6,000
Retained earnings	-13,039	-64
	-11,039	**9,736**

6. Property, plant and equipment

	Other fixtures and fittings, tools and equipment	Leasehold improve-ments
	TDKK	TDKK
Cost at 1 January	188,736	2,038
Net effect from demerger and business sale	-144,052	-1,522
Additions for the year	9,902	198
Disposals for the year	-5,050	0
Cost at 31 December	49,536	714
Impairment losses and depreciation at 1 January	103,401	1,337
Net effect from demerger and business sale	-79,852	-1,144
Depreciation for the year	5,618	113
Reversal of impairment and depreciation of sold assets	-3,968	0
Impairment losses and depreciation at 31 December	25,199	306
Carrying amount at 31 December	**24,337**	**408**
Including assets under finance leases amounting to	18,503	0

Notes to the Financial Statements

7. Other fixed asset investments

	Deposits
	TDKK
Cost at 1 January	3,248
Net effect from demerger and business sale	-2,311
Additions for the year	322
Disposals for the year	-316
Cost at 31 December	943
Carrying amount at 31 December	**943**

8. Contract work in progress

	2024	2023
	TDKK	TDKK
Selling price of work in progress	678,813	824,051
Payments received on account	-662,105	-777,693
	16,708	**46,358**
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	22,126	53,907
Prepayments received recognised in debt	-5,418	-7,549
	16,708	**46,358**

9. Prepayments

Prepayments comprises prepaid expenses relating to materials for use in contract work, insurances, subscriptions etc.

10. Share capital

The share capital consists of 5,308,300 shares of a nominal value of TDKK 1. No shares carry any special rights.

The share capital has been fully paid in at the balance sheet date.

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK
11. Provision for deferred tax		
Deferred tax liabilities at 1 January	18,538	14,873
Net effect from demerger and business sale	-1,404	0
Amounts recognised in the income statement for the year	-244	3,665
Deferred tax liabilities at 31 December	**16,890**	**18,538**

	2024	2023
	TDKK	TDKK

12. Long-term debt

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

The debt falls due for payment as specified below:

	2024	2023
Lease obligations		
After 5 years	0	0
Between 1 and 5 years	12,595	40,463
Long-term part	12,595	40,463
Within 1 year	5,691	17,033
	18,286	**57,496**
Other payables		
After 5 years	0	0
Between 1 and 5 years	2,265	6,687
Long-term part	2,265	6,687
Other short-term payables	9,757	45,026
	12,022	**51,713**

Notes to the Financial Statements

	2024	2023
	TDKK	TDKK

13. Contingent assets, liabilities and other financial obligations

Charges and security

	2024	2023
The following assets have been placed as security with in connection with the company having provided a floating charge of TDKK 20,100:		
Other fixtures and fittings, tools and equipment	6,169	28,001
Inventories	1,747	3,269

The company has provided surety bonds to other group companies.

Rental and lease obligations

	2024	2023
Rental obligations regarding fixed assets, non-cancellation periods between 1 and 52 months	14,177	10,076
Rental obligations regarding rental contracts, non-cancellation periods between 1 and 123 months	47,281	43,336

Guarantee obligations

	2024	2023
The company is responsible for work warranty commitments that the guarantee insurance company has given to third parties	89,938	109,914

Other contingent liabilities

The company is jointly taxed with other companies in the group and is jointly and severally liable for income taxes for the jointly taxed companies. The total known tax liability for the jointly taxed companies at the balance sheet date has not yet been calculated. Please refer to the management company Armorica Danmark ApS' annual accounts for further information.

Notes to the Financial Statements

14. Related parties and disclosure of consolidated financial statements

	Basis
Controlling interest	
Armorica Danmark ApS, Roskilde	Parent company
IDVERDE Société par actions simplifiée á associé unique	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) of the Danish Financial Statements Act.

There have been no transactions with the Supervisory Board, the Executive Board, senior officers, significant shareholders, group enterprises or other related parties, except for intercompany transactions and normal management remuneration.

Consolidated Financial Statements

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

Name	Place of registered office
Armorica Danmark ApS	Roskilde, Denmark

15. Subsequent events

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

Notes to the Financial Statements

16. Accounting policies

The Annual Report of OKNygaard A/S for 2024 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to large enterprises of reporting class C.

The Financial Statements for 2024 are presented in TDKK.

Some changes have been made to the comparison figures. The changes have no effect on the year's result, equity and balance sheet total.

Changes in accounting policies

The presentation format in the income statement has been changed from function-based to nature-based in 2024. Comparative figures for 2023 have been adjusted. The changes have no effect on the year's result, equity and balance sheet total. Otherwise, the accounting policies are unchanged compared to 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 , 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.

Leases

Leases in terms of which the Company assumes substantially all the risks and rewards of ownership (finance leases) are recognised in the balance sheet at the lower of the fair value of the leased asset and the net present value of the lease payments computed by applying the interest rate implicit in the lease or an alternative borrowing rate as the discount rate. Assets acquired under finance leases are depreciated and written down for impairment under the same policy as determined for the other fixed assets of the Company.

The remaining lease obligation is capitalised and recognised in the balance sheet under debt, and the interest element on the lease payments is charged over the lease term to the income statement.

All other 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

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies.

Notes to the Financial Statements

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 transaction date rates are recognised in financial income and expenses in the income statement; however, see the section on hedge accounting.

Income statements of foreign subsidiaries and associates that are separate legal entities are translated at transaction date rates or approximated average exchange rates. Balance sheet items are translated at the exchange rates at the balance sheet date. Exchange adjustments arising on the translation of the opening equity and exchange adjustments arising from the translation of the income statements at the exchange rates at the balance sheet date are recognised directly in equity.

Income statements of enterprises that are integrated entities are translated at transaction date rates or approximated average exchange rates; however, items derived from non-monetary balance sheet items are translated at the transaction date rates of the underlying assets or liabilities. Monetary balance sheet items are translated at the exchange rates at the balance sheet date, whereas non-monetary items are translated at transaction date rates. Exchange adjustments arising on the translation are recognised in financial income and expenses in the income statement.

Income statement

Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement when the sale is considered effected based on the following criteria:

• delivery has been made before year end;

• a binding sales agreement has been made;

• the sales price has been determined; and

• payment has been received or may with reasonable certainty be expected to be received.

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.

Notes to the Financial Statements

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 indirect production costs and expenses for premises, sales as well as office expenses, etc.

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 comprise interest, financial expenses in respect of finance leases, realised and unrealised exchange adjustments, price adjustment of securities, amortisation of mortgage loans as well as extra payments and repayment under the on-account taxation scheme.

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and deferred tax for the year. The tax attributable to the profit for 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 the Danish affiliated companies. The tax effect of the joint taxation with the subsidiaries is allocated to enterprises showing profits or losses in proportion to their taxable incomes (full allocation with credit for tax losses).

Balance sheet

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.

Interest expenses on loans contracted directly for financing the construction of property, plant and equipment are recognised in cost over the construction period.

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	3-5 years
Leasehold improvements	5 years

Notes to the Financial Statements

Depreciation period and residual value are reassessed annually.

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.

Goodwill, head office buildings and other assets for which a separate value in use cannot be determined as the asset does not on an individual basis generate future cash flows are reviewed for impairment together with the group of assets to which they are attributable.

Fixed asset investments

Fixed asset investments, which consist of listed bonds and shares, are measured at their fair values at the balance sheet date. Fair value is determined on the basis of the latest quoted market price.

Investments which are not traded in an active market are measured at the lower of cost and recoverable amount.

Other fixed asset investments

Other fixed asset investments consist of deposit which are recognised and measured at cost.

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 raw materials and consumables equals landed cost.

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.

Notes to the Financial Statements

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

Deferred tax is recognised in respect of all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised in respect of temporary differences concerning goodwill not deductible for tax purposes and other items - apart from business acquisitions - where temporary differences have arisen at the time of acquisition without affecting the profit for the year or the taxable income.

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. In cases where the computation of the tax base may be made according to alternative tax rules, deferred tax is measured 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.

Deferred tax assets and liabilities are offset within the same legal tax entity.

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

Loans, such as loans from credit institutions, 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.

Mortgage loans are measured at amortised cost, which for cash loans corresponds to the remaining loan. Amortised cost of debenture loans corresponds to the remaining loan calculated as the underlying cash value of the loan at the date of raising the loan adjusted for depreciation of the price adjustment of the loan made over the term of the loan at the date of raising the loan.

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

Notes to the Financial Statements

Financial Highlights

Explanation of financial ratios

Gross margin	Gross profit x 100 / Revenue
Profit margin	Profit/loss of primary operations x 100 / Revenue
Adjusted profit margin	
Return on assets	Profit/loss of primary operations x 100 / Total assets at year end
Solvency ratio	Equity at year end x 100 / Total assets at year end
Solvency ratio excl. factoring debt	Equity at year end x 100 / Total assets at year end excl. factoring debt
Return on equity	Net profit for the year x 100 / Average equity