
isoplus Fjernvarmeteknik **A/S**

Korsholm Allé 20, DK-5500 Middelfart

Annual Report for 1 January - 31 December 2022

CVR No 16 32 14 35

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
26th June 2023

Claus Jarlgaard Jensen
Chairman of the General
Meeting

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Management's Statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of isoplus Fjernvarmeteknik A/S for the financial year 1 January - 31 December 2022.

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

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 December 2022 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022.

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.

Middelfart, 26th June 2023

Executive Board

Bo Olsen
CEO

Claus Jarlgaard Jensen
Executive Officer

Board of Directors

Roland Hirner
Chairman

Jörg Kauschat

Gregor Wegerer

Bo Olsen

Claus Jarlgaard Jensen

Independent Auditor's Report

To the shareholders of isoplus Fjernvarmeteknik A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of isoplus Fjernvarmeteknik A/S for the financial year 1 January – 31 December 2022, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies, for both the group and the parent company, as well as consolidated statement of cash flows. The consolidated financial statements and the parent company financial statements are prepared under the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and parent company financial statements give a true and fair view of the company's financial position at 31 December 2022 and of the results of the group and the parent company's operations for the financial year 1 January – 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis of 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 consolidated financial statements and parent company financial statements" section of our report. We are independent of the group in accordance with the International Ethics Standards Board for Accountant's Code of Ethics for Professional Accountants (IESBA Code) and the additional requirements applicable in Denmark, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Management's responsibilities for the consolidated financial statements and the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements and parent company financial statements, management is responsible for assessing the group's and the parent 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 consolidated financial statements and parent company financial statements unless management either intends to liquidate the group or the company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility for the audit of the consolidated financial statements and parent company financial statements

Our objective is to obtain reasonable assurance about whether the consolidated financial statements and parent company 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

Independent Auditor's Report

Independent auditor's report, continued

Basis of these consolidated financial statements and parent company financial statements. As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatements of the consolidated financial statements and parent company 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 of 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 and 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 group's and the parent company's internal control.
- Evaluate the appropriateness of accounting policies 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 consolidated financial statements and parent company 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 group's and the parent company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention to our auditor's report to the related disclosures in the consolidated financial statements and parent company 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 group and the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the consolidated financial statements and parent company financial statements, including the disclosures, and whether the consolidated financial statements and parent company financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient and appropriate evidence regarding the financial information for the group's entities or business activities to express an opinion on the consolidated financial statements. We are responsible for directing, supervising, and conducting the audit of the group. We alone are responsible for our audit opinion. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent during the audit, or otherwise appears to be materially misstated.

Independent Auditor's Report

Independent auditor's report, continued

Statement on management's review

Management is responsible for management's review.

Our opinion on the consolidated financial statements and parent company 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 consolidated financial statements and parent company financial statements, our responsibility is to read management's review and, in doing so, consider whether management's review is materially inconsistent 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, we conclude, that management's review is in accordance with the consolidated financial statements and parent company financial statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of the management's review.

Copenhagen, 26. june 2023

Mazars

statsautoriseret revisionspartnerselskab

CVR-no. 31 06 17 41

Nicklas Rasmussen

statsautoriseret revisor

(State-authorized public accountant)

MNE-no. mne43474

Company Information

The Company

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DK-5500 Middelfart

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CVR No: 16 32 14 35

Financial period: 1 January - 31 December

Municipality of reg. office: Middelfart

Board of Directors

Roland Hirner, Chairman

Jörg Kauschat

Gregor Wegerer

Bo Olsen

Claus Jarlgaard Jensen

Executive Board

Bo Olsen

Claus Jarlgaard Jensen

Auditors

MAZARS

Midtermolen 1, 2t.v.

DK-2100 København Ø

Lawyers

ORATO advokater P/S

Borchsgade 6c

4000 Roskilde

Bankers

Sydbank A/S

Kolding Åpark 8B

6000 Kolding

Financial Highlights

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

	Group				
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2020</u> TDKK	<u>2019</u> TDKK	<u>2018</u> TDKK
Key figures					
Profit/loss					
Gross profit/loss	102.323	57.641	47.142	58.927	51.315
Profit/loss before financial income and expenses	46.466	11.469	1.931	9.354	2.509
Net financials	-3.114	283	-2.562	-1.262	-2.287
Net profit/loss for the year	34.479	8.991	-1.051	5.954	-40
Balance sheet					
Balance sheet total	199.278	161.896	124.879	128.953	154.997
Equity	85.530	51.803	42.850	43.767	37.828
Cash flows					
Cash flows from:					
- operating activities	55.969	-7.998	2.682	25.943	3.919
- investing activities	-2.655	-4.403	-1.480	-6.175	-3.981
including investment in property, plant and equipment	-2.734	-4.529	-1.697	-6.516	-3.991
- financing activities	-53.910	12.990	-809	-18.083	4.134
Change in cash and cash equivalents for the year	-596	589	393	1.685	4.072
Number of employees	81	77	80	87	88
Ratios					
Return on assets	23,3%	7,1%	1,6%	7,3%	1,6%
Solvency ratio	42,9%	32,0%	34,5%	33,9%	24,4%
Return on equity	50,2%	19,0%	-2,4%	14,6%	-0,1%

For definitions, see under accounting policies.

Management's Review

Key activities

Isoplus Fjernvarmeteknik A/S is selling pre-insulated pipes and related products and services.

Our markets are the district heating sector in the Nordic countries and United Kingdom.

Further from our branch in Hvidovre, Copenhagen, isoplus jointers service our customers with joints fitting and extruding.

Development in the year

The income statement of the Group for 2022 shows a profit of TDKK 34.479, and at 31 December 2022 the balance sheet of the Group shows equity of TDKK 85.530.

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

Increased activities were expected for all markets during 2022. The increased focus on climate neutral heating as well as a newly added wish for independence of Russian Gas supply, activities on the district heating market have increased even more than expected.

The increased activity together with a continuous focus on a tight cost control, the total earnings for the year has been above expectations.

As district heating is a crucial part of future climate neutral heating and energy, we expect a continues increased activity on all markets for the coming years also.

With current fluctuations in prices on materials and freight, we expect the total earnings for the coming year to be on 2022 level.

Special risks - operating risks and financial risks

Operating risks

Product liability risks are covered by our own insurance and those of our external suppliers.

IT related surveillance systems have been maintained at a high level during 2022 – all in close co-operation with IT support companies and official criminal prevention authorities.

The financial situation of the company is stable and future plans are support by the isoplus Group and our financial partners. Liquidity for further expansion is secured.

Targets and expectations for the year ahead

Continued focus on profitability and positive outlook for the markets served and combined with the international community's goals of reducing CO2 emissions and increasing focus on green conversion will have a positive impact on isoplus and the results expected.

Management's Review

External environment

Furthermore – being part of the district heating and cooling business – isoplus Fjernvarmeteknik A/S contributes to reducing the CO2 emission and act as an active partner in supporting environmental efforts and green technology as such.

Subsequent events

There were no events after the end of the reporting period which are subject to reporting requirements.

Income Statement 1 January - 31 December

	Note	Group		Parent	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Gross profit/loss		102.323	57.641	99.365	55.683
Staff expenses	1	-51.382	-41.667	-49.004	-38.944
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		<u>-4.475</u>	<u>-4.506</u>	<u>-4.390</u>	<u>-4.456</u>
Profit/loss before financial income and expenses		46.466	11.469	45.971	12.283
Income from investments in subsidiaries		0	0	921	-856
Financial income	2	1.097	1.831	1.097	1.831
Financial expenses	3	<u>-4.211</u>	<u>-1.548</u>	<u>-4.016</u>	<u>-1.507</u>
Profit/loss before tax		43.352	11.751	43.973	11.751
Tax on profit/loss for the year	4	<u>-8.873</u>	<u>-2.760</u>	<u>-9.494</u>	<u>-2.760</u>
Net profit/loss for the year		<u>34.479</u>	<u>8.991</u>	<u>34.479</u>	<u>8.991</u>

Balance Sheet 31 December

Assets

	Note	Group		Parent	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Land and buildings		28.223	29.168	28.223	29.168
Other fixtures and fittings, tools and equipment		<u>7.224</u>	<u>8.089</u>	<u>6.908</u>	<u>7.878</u>
Property, plant and equipment	5	<u>35.447</u>	<u>37.257</u>	<u>35.131</u>	<u>37.045</u>
Investments in subsidiaries	6	<u>0</u>	<u>0</u>	<u>16.099</u>	<u>1.065</u>
Fixed asset investments		<u>0</u>	<u>0</u>	<u>16.099</u>	<u>1.065</u>
Fixed assets		<u>35.447</u>	<u>37.257</u>	<u>51.230</u>	<u>38.111</u>
Inventories		<u>56.327</u>	<u>50.000</u>	<u>54.526</u>	<u>47.446</u>
Trade receivables		84.556	47.838	68.510	27.361
Contract work in progress	7	7.107	9.210	0	0
Receivables from group enterprises		1.629	2.516	14.110	29.720
Other receivables		2.644	4.221	149	1.237
Corporation tax		0	377	0	211
Prepayments	8	<u>3.836</u>	<u>2.148</u>	<u>1.221</u>	<u>1.738</u>
Receivables		<u>99.772</u>	<u>66.311</u>	<u>83.990</u>	<u>60.267</u>
Cash at bank and in hand		<u>7.732</u>	<u>8.328</u>	<u>3.731</u>	<u>8.181</u>
Currents assets		<u>163.831</u>	<u>124.639</u>	<u>142.247</u>	<u>115.894</u>
Assets		<u>199.278</u>	<u>161.896</u>	<u>193.477</u>	<u>154.004</u>

Balance Sheet 31 December

Liabilities and equity

	Note	Group		Parent	
		2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
Share capital		1.549	1.549	1.549	1.549
Reserve for net revaluation under the equity method		0	0	0	0
Retained earnings		83.981	50.254	83.981	50.254
Equity		85.530	51.803	85.530	51.803
Provision for deferred tax	10	1.062	1.912	1.672	1.902
Provisions		1.062	1.912	1.672	1.902
Mortgage loans		6.188	6.694	6.188	6.694
Lease obligations		232	624	232	624
Other payables		1.571	1.110	1.571	1.110
Long-term debt	11	7.991	8.429	7.991	8.428
Mortgage loans	11	530	629	530	629
Credit institutions	11	0	52.868	0	52.868
Lease obligations	11	200	245	200	245
Contract work in progress	7	90	3.811	0	0
Trade payables		18.942	15.674	16.093	14.843
Payables to group enterprises		56.702	8.726	56.702	8.726
Corporation tax		8.573	0	8.730	0
Other payables	11	19.658	17.800	16.029	14.560
Short-term debt		104.695	99.752	98.284	91.871
Debt		112.686	108.181	106.275	100.299
Liabilities and equity		199.278	161.896	193.477	154.004
Distribution of profit	9				
Contingent assets, liabilities and other financial obligations	15				
Related parties	14				
Accounting Policies	16				

Statement of Changes in Equity

Group

	<u>Share capital</u> TDKK	<u>Retained earnings</u> TDKK	<u>Total</u> TDKK
Equity at 1 January	1.549	50.254	51.803
Exchange adjustments	0	-752	-752
Net profit/loss for the year	<u>0</u>	<u>34.479</u>	<u>34.479</u>
Equity at 31 December	<u>1.549</u>	<u>83.981</u>	<u>85.530</u>

Parent

Equity at 1 January	1.549	50.254	51.803
Exchange adjustments	0	-752	-752
Net profit/loss for the year	<u>0</u>	<u>34.479</u>	<u>34.479</u>
Equity at 31 December	<u>1.549</u>	<u>83.981</u>	<u>85.530</u>

The share capital consists of shares of DKK 100 or multiples thereof. The shares are not divided into classes.

Cash Flow Statement 1 January - 31 December

	Note	Group	
		2022 TDKK	2021 TDKK
Net profit/loss for the year		34.479	8.991
Adjustments	13	15.710	6.983
Change in working capital	14	9.677	-21.590
Cash flows from operating activities before financial income and expenses		59.866	-5.616
Financial income		1.097	1.831
Financial expenses		-4.211	-1.548
Cash flows from ordinary activities		56.752	-5.333
Corporation tax paid		-783	-2.665
Cash flows from operating activities		55.969	-7.998
Purchase of property, plant and equipment		-2.734	-4.529
Sale of property, plant and equipment		79	126
Cash flows from investing activities		-2.655	-4.403
Repayment of mortgage loans		-605	-630
Reduction of lease obligations		-437	-1.761
Repayment of loans from credit institutions		-52.868	15.381
Cash flows from financing activities		-53.910	12.990
Change in cash and cash equivalents		-596	589
Cash and cash equivalents at 1 January		8.328	7.739
Cash and cash equivalents at 31 December		7.732	8.328
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		7.732	8.328
Cash and cash equivalents at 31 December		7.732	8.328

Notes to the Financial Statements

	Group		Parent	
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
1 Staff expenses				
Wages and salaries	48.573	39.650	46.475	37.219
Other social security expenses	1.142	818	862	526
Other staff expenses	<u>1.667</u>	<u>1.199</u>	<u>1.667</u>	<u>1.199</u>
	<u>51.382</u>	<u>41.667</u>	<u>49.004</u>	<u>38.944</u>
Including remuneration to the Executive Board and Board of Directors	<u>3.457</u>	<u>3.781</u>	<u>3.457</u>	<u>2.711</u>
Average number of employees	<u>81</u>	<u>77</u>	<u>73</u>	<u>71</u>
2 Financial income				
Other financial income	15	52	15	52
Exchange gains	<u>1.082</u>	<u>1.779</u>	<u>1.082</u>	<u>1.779</u>
	<u>1.097</u>	<u>1.831</u>	<u>1.097</u>	<u>1.831</u>
3 Financial expenses				
Other financial expenses	2.152	389	1.960	389
Exchange loss	<u>2.059</u>	<u>1.159</u>	<u>2.056</u>	<u>1.118</u>
	<u>4.211</u>	<u>1.548</u>	<u>4.016</u>	<u>1.507</u>

Notes to the Financial Statements

	Group		Parent	
	<u>2021</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
4 Tax on profit/loss for the year				
Current tax for the year	9.724	2.567	9.724	2.567
Deferred tax for the year	<u>-851</u>	<u>193</u>	<u>-230</u>	<u>193</u>
	<u>8.873</u>	<u>2.760</u>	<u>9.494</u>	<u>2.760</u>

5 Property, plant and equipment

Group

	<u>Land and buildings</u> TDKK	<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January	39.428	42.513
Additions for the year	127	2.538
Disposals for the year	<u>0</u>	<u>-285</u>
Cost at 31 December	<u>39.555</u>	<u>44.766</u>
Impairment losses and depreciation at 1 January	10.260	34.424
Depreciation for the year	1.072	3.403
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-285</u>
Impairment losses and depreciation at 31 December	<u>11.332</u>	<u>37.542</u>
Carrying amount at 31 December	<u>28.223</u>	<u>7.224</u>

Financial leasing amounts to 0 (2021 = 2.416) under other fixtures and fittings, tools and equipment

Notes to the Financial Statements

Parent

	<u>Land and buildings</u> TDKK	<u>Other fixtures and fittings, tools and equipment</u> TDKK
Cost at 1 January	39.428	42.083
Additions for the year	127	2.280
Disposals for the year	<u>0</u>	<u>-285</u>
Cost at 31 December	<u>39.555</u>	<u>44.078</u>
Impairment losses and depreciation at 1 January	10.260	34.205
Depreciation for the year	1.072	3.248
Reversal of impairment and depreciation of sold assets	<u>0</u>	<u>-285</u>
Impairment losses and depreciation at 31 December	<u>11.332</u>	<u>37.170</u>
Carrying amount at 31 December	<u>28.223</u>	<u>6.910</u>

Financial leasing amounts to 0 (2021 = 2.416) under other fixtures and fittings, tools and equipment

6 Investments in subsidiaries

	<u>2022</u> TDKK	<u>2021</u> TDKK
Cost at 1 January	<u>3.708</u>	<u>1</u>
Capital increase	<u>14.911</u>	<u>3.707</u>
Cost at 31 December	<u>18.619</u>	<u>3.708</u>
Value adjustments at 1 January	-4.865	-3.971
Exchange adjustment	-752	-38
Reversal of value adjustment, disposed assets	2.170	0
Net profit/loss for the year	<u>921</u>	<u>-856</u>
Value adjustments at 31 December	<u>-2.520</u>	<u>-4.865</u>
Equity investments with negative net asset value amortised over receivables	<u>0</u>	<u>2.222</u>
Carrying amount at 31 December	<u>16.099</u>	<u>1.065</u>

Investments in subsidiaries are specified as follows:

<u>Name</u>	<u>Place of registered office</u>	<u>Share capital</u>	<u>Votes and ownership</u>
isoplus Piping Systems Ltd.	Doncaster, United Kingdom	GBP 450.100	100%

Notes to the Financial Statements

	Group		Parent	
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
7 Contract work in progress				
Selling price of work in progress	39.274	38.687	0	0
Payments received on account	<u>-32.257</u>	<u>-33.288</u>	<u>0</u>	<u>0</u>
	<u>7.017</u>	<u>5.399</u>	<u>0</u>	<u>0</u>

Contract work in progress is in the balance presented as receivables with 7.107 TDKK, and debts 90 TDKK

8 Prepayments

Prepayments consists of accrued costs.

9 Distribution of profit

	Parent	
	<u>2022</u> TDKK	<u>2021</u> TDKK
Dividends for the year	34.479	0
Retained earnings	<u>0</u>	<u>8.991</u>
	<u>34.479</u>	<u>8.991</u>

Notes to the Financial Statements

	Group		Parent	
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
10 Provision for deferred tax				
Provision for deferred tax at 1 January	1.912	1.719	1.902	1.709
Amounts recognised in the income statement for the year	<u>-850</u>	<u>-193</u>	<u>-230</u>	<u>-193</u>
Provision for deferred tax at 31 December	<u>1.062</u>	<u>1.912</u>	<u>1.672</u>	<u>1.902</u>

11 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:

	Group		Parent	
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
Mortgage loans				
After 5 years	3.980	3.549	3.980	3.549
Between 1 and 5 years	<u>2.208</u>	<u>3.145</u>	<u>2.208</u>	<u>3.145</u>
Long-term part	6.188	6.694	6.188	6.694
Within 1 year	<u>530</u>	<u>629</u>	<u>530</u>	<u>629</u>
	<u>6.718</u>	<u>7.323</u>	<u>6.718</u>	<u>7.323</u>

Notes to the Financial Statements

11 Long-term debt (continued)

	<u>Group</u>		<u>Parent</u>	
	<u>2022</u> TDKK	<u>2021</u> TDKK	<u>2022</u> TDKK	<u>2021</u> TDKK
Credit institutions				
Between 1 and 5 years	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Long-term part	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Within 1 year	0	0	0	0
Other short-term debt to credit institutions	<u>0</u>	<u>52.868</u>	<u>0</u>	<u>52.868</u>
Short-term part	<u>0</u>	<u>52.868</u>	<u>0</u>	<u>52.868</u>
	<u>0</u>	<u>52.868</u>	<u>0</u>	<u>52.868</u>
Lease obligations				
Between 1 and 5 years	<u>232</u>	<u>624</u>	<u>232</u>	<u>624</u>
Long-term part	<u>232</u>	<u>624</u>	<u>232</u>	<u>624</u>
Within 1 year	<u>200</u>	<u>245</u>	<u>200</u>	<u>245</u>
	<u>432</u>	<u>869</u>	<u>432</u>	<u>869</u>
Other payables				
Between 1 and 5 years	<u>1.571</u>	<u>1.110</u>	<u>1.571</u>	<u>1.110</u>
Long-term part	<u>1.571</u>	<u>1.110</u>	<u>1.571</u>	<u>1.110</u>
Other short-term payables	<u>19.658</u>	<u>17.800</u>	<u>16.029</u>	<u>14.560</u>
	<u>21.229</u>	<u>18.910</u>	<u>17.600</u>	<u>15.670</u>

Notes to the Financial Statements

	Group		Parent	
	2022 TDKK	2021 TDKK	2022 TDKK	2021 TDKK
15 Contingent assets, liabilities and other financial obligations				
Charges and security				
The following assets have been placed as security with mortgage credit institutes:				
Land and buildings at a total carrying amount of	28.223	29.168	28.223	29.168

Rental and lease obligations

There have been concluded leases with expiry up to December 2026. Rental and lease payments amounts to TDKK 5.243. The rental and lease obligation are similar for parent and group.

Other contingent liabilities

The group has at year end issued guarantees through banks, totaling TDKK 4.757. Guarantees relate to ongoing and completed work. The contingent liabilities are similar for parent and group.

Parent company has issued letter of support for continues operations for Isoplus Piping Systems Ltd, Doncaster, United Kingdom.

Notes to the Financial Statements

16 Accounting Policies

The Annual Report of isoplus Fjernvarmeteknik A/S for 2022 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Consolidated and Parent Company Financial Statements for 2022 are presented in TDKK.

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.

Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, isoplus Fjernvarmeteknik A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.

Notes to the Financial Statements

17 Accounting Policies (continued)

Leases

Leases in terms of which the Group 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 Group.

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

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.

Income Statement

Revenue

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

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

17 Accounting Policies (continued)

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 iexpenses for premises, sales and distribution as well as office expenses, etc.

Gross profit/loss

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

Staff expenses

Staff expenses comprise wages and salaries as well as payroll expenses.

Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise amortisation, 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 Group, 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

17 Accounting Policies (continued)

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.

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.

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:

Production buildings	20 - 50 years
Other fixtures and fittings, tools and equipment	5 years
Leasehold improvements	3 years

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of property, plant and equipment 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

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

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. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

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

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts. Provisions for bad debts are determined on the basis of an individual assessment of each receivable, and in respect of trade receivables, a general provision is also made based on the Company’s experience from previous years.

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

17 Accounting Policies (continued)

Prepayments

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

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.

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 debts

Loans, such as mortgage loans and 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

17 Accounting Policies (continued)

Cash Flow Statement

The cash flow statement shows the Group'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 Group'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

Return on assets	$\frac{\text{Profit before financials} \times 100}{\text{Total assets}}$
Solvency ratio	$\frac{\text{Equity at year end} \times 100}{\text{Total assets at year end}}$
Return on equity	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$

Bo Olsen

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