

DELPRO A/S

Bavnevej 50, 6580 Vamdrup

CVR no. 25 01 97 76

Annual report 2022

Approved at the Company's annual general meeting on 17 April 2023

Chair of the meeting:

.....
Jacob Christian Rath

The following is a translation of an original Danish document. The original Danish document is the governing document for all purposes, and in case of any discrepancy, the Danish wording will be applicable.

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Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of DELPRO 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 give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations for the financial year 1 January - 31 December 2022.

Further, in our opinion, the Management's review gives a fair review of the matters discussed in the Management's review.

We recommend that the annual report be approved at the annual general meeting.

Vamdrup, 17 April 2023
Executive Board:

.....
Jacob Christian Rath
Director

.....
Lone Søgaard Sall
Director

Board of Directors:

.....
Birgitte Brinch Madsen
Chairman

.....
Carsten Friis
Deputy Chairperson

.....
Jens Kristian Kjærulff
Damsgaard

.....
David Packness Meyer

.....
Annika Hofmann Schelde

.....
Jacob Christian Rath

.....
Thomas Flensted Schultz

Independent auditor's report

To the shareholders of DELPRO A/S

Opinion

We have audited the financial statements of DELPRO A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

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

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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Management's responsibilities for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the Danish Financial Statements Act and for such internal control as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the financial statements unless Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and 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 the 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.

Independent auditor's report

- ▶ Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Statement on the Management's review

Management is responsible for the Management's review.

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

In connection with our audit of the financial statements, our responsibility is to read the Management's review and, in doing so, consider whether the Management's review is materially inconsistent with the financial statements or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether the Management's review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that the Management's review is in accordance with the financial statements and has been prepared in accordance with the requirements of the Danish Financial Statement Act. We did not identify any material misstatement of the Management's review.

Haderslev, 17 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Lars Mortensen
State Authorised Public Accountant
mne32743

Karen Jørgensen
State Authorised Public Accountant
mne40029

Management's review

Company details

| | |
|----------------------------|--|
| Name | DELPRO A/S |
| Address, Postal code, City | Bavnevej 50, 6580 Vamdrup |
| CVR no. | 25 01 97 76 |
| Established | 1 November 1999 |
| Registered office | Kolding |
| Financial year | 1 January - 31 December |
| Website | www.DELPRO.dk |
| E-mail | del@delpro.dk |
| Telephone | +45 76 32 27 00 |
| Board of Directors | Birgitte Brinch Madsen, Chairman Carsten Friis, Deputy Chairperson Jens Kristian Kjærulff Damsgaard David Packness Meyer Annika Hofmann Schelde Jacob Christian Rath Thomas Flensted Schultz |
| Executive Board | Jacob Christian Rath, Director Lone Søgaard Sall, Director |
| Auditors | EY Godkendt Revisionspartnerselskab Norgesvej 24 B, 6100 Haderslev, Denmark |

Management's review

Financial highlights

| DKK'000 | 2022 | 2021 | 2020 | 2019 | 2018 |
|--|---------------|---------------|---------------|---------------|--------------|
| Key figures | | | | | |
| Gross profit | 32,884 | 28,719 | 29,640 | 27,455 | 19,877 |
| Operating profit/loss | 6,508 | 4,862 | 5,897 | 4,906 | 1,554 |
| Net financials | -1,304 | -441 | -579 | -664 | -676 |
| Profit for the year | 2,659 | 3,391 | 4,688 | 4,414 | 257 |
| Financial ratios | | | | | |
| Total assets | 88,635 | 77,846 | 61,050 | 51,371 | 41,227 |
| Investments in property, plant and equipment | 1,628 | 12,172 | 1,774 | 1,622 | 4,041 |
| Equity | 16,738 | 16,021 | 15,672 | 11,974 | 8,579 |
| Equity ratio | 18.9% | 20.6% | 25.7% | 23.3% | 20.8% |
| Return on equity | 16.2% | 21.4% | 33.9% | 43.0% | 3.0% |
| Average number of full-time employees | | | | | |
| | 145 | 138 | 107 | 110 | 104 |

For terms and definitions, please see the accounting policies.

Management's review

Business review

The Company's objective is to perform installation and services of high installations, primarily within transmission and distribution, wind turbines, solar cells, data centers, railways and industrial enterprises.

Financial review

The income statement for 2022 shows a profit of DKK 2,659 thousand against a profit of DKK 3,391 last year, and the balance sheet at 31 December 2022 shows equity of DKK 16,738 thousand. In the annual report for 2021, Management expected a profit in the range of DKK 6,000-7,000 thousand.

The profit for 2022 is affected by the world wide challenges in supply chain and the product mix has been different than expected.

Management considers the Company's financial performance in the year unsatisfactory.

Knowledge resources

At the end of the year, the Company as well as subsidiaries and associates have 189 employees (of whom 23 are employed in associates and subsidiaries) with a wide range of formal education: engineers, technicians, skilled and unskilled workers. This is an increase of 9 employees compared to the beginning of the year.

The employees' intellectual capital resources consist partly of competences obtained through formal education, partly of competence development through performance of work. The Company conducts appraisals every year to continually adjust the Company's competencies to the needs of the business.

DELPRO has its own high voltage training center placed at the HQ in Vamdrup. This is used to assess and to further develop the competences of the technicians.

Impact on the external environment

In connection with services performed for the customers, the Company handles installations and components containing xenobiotics:

▶ Oil

Transformers, high-voltage switchgear and cables may contain oil.

The oil quality is monitored, and if necessary, the oil is purified and recycled in a closed process.

When scrapping oil-containing components, the oil is tapped and sent to an environmentally approved company

▶ SF6 gas (greenhouse gas)

High-voltage switchgear may contain SF6 gas.

The gas is monitored, and if necessary, the gas is purified and recycled in a closed process.

All handling of SF6 gas is performed by trained and certified staff

Research and development activities

Development projects consist of software solutions that are part of DELPRO's digitalisation strategy.

The projects are expected to provide substantial benefits to a wide range of areas of DELPRO's business. The projects are expected to be completed in the next couple of years.

There are no special preconditions for DELPRO to be able to utilize the benefits of the projects

Foreign branches

The company has a branch in the Norway, Delpro NUF.

Outlook

The Company's revenue for 2023 is expected to increase by approx. 10-15 % due to the continued growth in the Company's core markets and change in the product mix .

On this basis, a profit in the range of DKK 6,500-7,500 thousand is expected for 2023. The expectations are based on the assumption that the exchange rates for the currencies to which the Company is exposed will remain unchanged.

Financial statements 1 January - 31 December

Income statement

| Note | DKK | 2022 | 2021 |
|-------|--|-------------|-------------|
| | Gross profit | 32,884,116 | 28,719,338 |
| 13 | Distribution costs | -5,152,825 | -4,895,459 |
| 13,3, | Administrative expenses | -21,187,172 | -18,810,710 |
| | Operating profit | 6,544,119 | 5,013,169 |
| | Income from investments in group enterprises | -344,795 | 162,483 |
| | Income from investments in Participating interests | -1,035,176 | -258,299 |
| | Financial expenses | -1,304,450 | -440,501 |
| | Profit before tax | 3,859,698 | 4,476,852 |
| 4 | Tax for the year | -1,200,652 | -1,086,342 |
| | Profit for the year | 2,659,046 | 3,390,510 |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2022 | 2021 |
|------|--|--------------------------|--------------------------|
| | ASSETS | | |
| | Fixed assets | | |
| 5 | Intangible assets | | |
| | Completed development projects | 2,449,006 | 0 |
| | Acquired intangible assets | 109,493 | 106,784 |
| | Development projects in progress and prepayments for intangible assets | 1,133,883 | 1,525,523 |
| | | <u>3,692,382</u> | <u>1,632,307</u> |
| 6 | Property, plant and equipment | | |
| | Land and buildings | 8,439,363 | 8,686,231 |
| | Plant and machinery | 3,556,642 | 4,689,965 |
| | Leasehold improvements | 495,502 | 500,785 |
| | Property, plant and equipment under construction | 623,412 | 191,095 |
| | Prepayments for property, plant and equipment | 0 | 60,000 |
| | | <u>13,114,919</u> | <u>14,128,076</u> |
| 7 | Investments | | |
| | Investments in group enterprises | 102,944 | 340,380 |
| | Investments in Participating interests | 239,506 | 1,210,657 |
| | Other receivables | 254,194 | 312,976 |
| | | <u>596,644</u> | <u>1,864,013</u> |
| | Total fixed assets | <u>17,403,945</u> | <u>17,624,396</u> |
| | Non-fixed assets | | |
| | Inventories | | |
| | Raw materials and consumables | 1,345,019 | 1,297,021 |
| | | <u>1,345,019</u> | <u>1,297,021</u> |
| | Receivables | | |
| | Trade receivables | 39,588,282 | 27,808,898 |
| 8 | Construction contracts | 16,671,719 | 15,988,952 |
| | Receivables from group enterprises | 488,746 | 506,717 |
| | Receivables from participating interests | 7,602,190 | 6,544,410 |
| 11 | Deferred tax assets | 1,134,000 | 2,271,139 |
| | Corporation tax receivable | 61,315 | 0 |
| | Other receivables | 903,539 | 1,021,288 |
| 9 | Prepayments | 3,174,695 | 3,120,268 |
| | | <u>69,624,486</u> | <u>57,261,672</u> |
| | Cash | <u>261,740</u> | <u>1,662,997</u> |
| | Total non-fixed assets | <u>71,231,245</u> | <u>60,221,690</u> |
| | TOTAL ASSETS | <u><u>88,635,190</u></u> | <u><u>77,846,086</u></u> |

Financial statements 1 January - 31 December

Balance sheet

| Note | DKK | 2022 | 2021 |
|------|--|--------------------------|--------------------------|
| | EQUITY AND LIABILITIES | | |
| | Equity | | |
| 10 | Share capital | 6,000,000 | 6,000,000 |
| | Net revaluation reserve according to the equity method | 83,900 | 1,323,238 |
| | Reserve for development costs | 2,687,167 | 1,189,908 |
| | Translation reserve | 0 | -31,660 |
| | Retained earnings | 7,966,604 | 5,539,378 |
| | Dividend proposed | 0 | 2,000,000 |
| | Total equity | <u>16,737,671</u> | <u>16,020,864</u> |
| | Provisions | | |
| 7 | Provision, investments in group enterprises | 93,770 | 0 |
| | Total provisions | <u>93,770</u> | <u>0</u> |
| | Liabilities other than provisions | | |
| 12 | Non-current liabilities other than provisions | | |
| | Mortgage debt | 4,489,838 | 4,721,413 |
| | Lease liabilities | 1,095,702 | 1,250,762 |
| | Other payables | 6,116,849 | 9,353,230 |
| | | <u>11,702,389</u> | <u>15,325,405</u> |
| | Current liabilities other than provisions | | |
| 12 | Short-term part of long-term liabilities other than provisions | 4,295,646 | 5,161,704 |
| | Bank debt | 27,103,475 | 10,074,184 |
| 8 | Prepayments on work in progress | 874,755 | 7,274,326 |
| | Trade payables | 15,475,409 | 8,239,450 |
| | Payables to associates | 0 | 6,990 |
| | Corporation tax payable | 58,523 | 0 |
| | Joint taxation contribution payable | 64,575 | 0 |
| | Other payables | 12,228,977 | 15,743,163 |
| | | <u>60,101,360</u> | <u>46,499,817</u> |
| | Total liabilities other than provisions | <u>71,803,749</u> | <u>61,825,222</u> |
| | TOTAL EQUITY AND LIABILITIES | <u><u>88,635,190</u></u> | <u><u>77,846,086</u></u> |

- 1 Accounting policies
- 2 Events after the balance sheet date
- 14 Contractual obligations and contingencies, etc.
- 15 Collateral
- 16 Related parties
- 17 Appropriation of profit

Financial statements 1 January - 31 December

Statement of changes in equity

| Note | DKK | Share capital | Net revaluation reserve according to the equity method | Reserve for development costs | Translation reserve | Retained earnings | Dividend proposed | Total |
|------|--|------------------|--|-------------------------------|---------------------|-------------------|-------------------|-------------------|
| | Equity at 1 January 2022 | 6,000,000 | 1,323,238 | 1,189,908 | -31,660 | 5,539,378 | 2,000,000 | 16,020,864 |
| 17 | Transfer, see "Appropriation of profit" | 0 | -1,265,439 | 1,497,259 | 0 | 2,427,226 | 0 | 2,659,046 |
| | Adjustment of investments through foreign exchange adjustments | 0 | 57,761 | 0 | 0 | 0 | 0 | 57,761 |
| | Other value adjustments of equity | 0 | -31,660 | 0 | 31,660 | 0 | 0 | 0 |
| | Dividend distributed | 0 | 0 | 0 | 0 | 0 | -2,000,000 | -2,000,000 |
| | Equity at 31 December 2022 | 6,000,000 | 83,900 | 2,687,167 | 0 | 7,966,604 | 0 | 16,737,671 |

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of DELPRO A/S for 2022 has been prepared in accordance with the provisions in the Danish Financial Statements Act applying to medium-sized reporting class C entities.

In accordance with section 112(1) of the Danish Financial Statements Act, the Company has not prepared consolidated financial statements.

The accounting policies used in the preparation of the financial statements are consistent with those of last year.

Omission of a cash flow statement

With reference to section 86(4) of the Danish Financial Statements Act, no cash flow statement is prepared for the parent company, as its cash flows are reflected in the consolidated cash flow statement.

Reporting currency

The financial statements are presented in Danish kroner (DKK).

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rate at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables and payables and other monetary items denominated in foreign currencies are translated at the exchange rate at the balance sheet date. The difference between the exchange rates at the balance sheet date and the date at which the receivable or payable arose or was recognised in the most recent financial statements is recognised in the income statement as financial income or financial expenses.

Income statement

Revenue

The Company has chosen IAS 11/IAS 18 as interpretation for revenue recognition.

Income from construction contracts involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

Where income from a construction contract cannot be estimated reliably, contract revenue corresponding to the expenses incurred is recognised only in so far as it is probable that such expenses will be recoverable from the counterparty.

Revenue is measured at the fair value of the agreed consideration excluding VAT and taxes charged on behalf of third parties. All discounts and rebates granted are recognised in revenue.

Gross profit

The items revenue, production costs and other operating income have been aggregated into one item in the income statement called gross profit in accordance with section 32 of the Danish Financial Statements Act.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Production costs

Production costs comprise costs incurred in generating the revenue for the year. Such costs include materials for use in the construction contracts, wages and salaries, rent and leases, as well as depreciation on production plant and so on.

Also, provision for losses on construction contracts is recognised.

Distribution costs

Distribution costs comprise costs incurred for sale of the Entity's products, including wages and salaries for sales staff, advertising costs, travelling and entertainment expenses.

Administrative expenses

Administrative expenses include expenses incurred in the year for company management and administration, including expenses relating to administrative staff, Management, office premises and expenses as well as amortisation/depreciation of assets used for administrative purposes.

Profit/loss from investments in subsidiaries and participating interests

The income statement includes the proportional share of the underlying companies' profit or loss after elimination of internal profit/loss and after tax. In subsidiaries, the full elimination of internal profit and loss is carried out without regard to ownership shares. In participating interests only proportional elimination of profit and loss is carried out, taking into account ownership shares.

Financial expenses

Financial expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest expenses, exchange rate adjustments, interest rates relating to financial leasing and so on.

Tax

Tax for the year includes current tax on the year's expected taxable income and the year's deferred tax adjustments. The portion of the tax for the year that relates to the profit/loss for the year is recognised in the income statement, whereas the portion that relates to transactions taken to equity is recognised in equity.

The entity is jointly taxed with other group entities. The total Danish income tax charge is allocated between profit/loss-making Danish entities in proportion to their taxable income (full absorption).

Jointly taxed entities entitled to a tax refund are reimbursed by the management company based on the rates applicable to interest allowances, and jointly taxed entities which have paid too little tax pay a surcharge according to the rates applicable to interest surcharges to the management company.

Balance sheet

Intangible assets

Other intangible assets include other acquired intangible rights, including software licences and so on.

Other intangible assets are measured at cost less accumulated amortisation and impairment losses. Acquired intangible assets are amortised over 3-5 years.

Development costs comprise expenses, salaries and amortisation directly or indirectly attributable to development activities.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Development projects that are clearly defined and identifiable, where the technical feasibility, sufficient resources and a potential future market or development opportunities are identifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

Development costs that are recognised in the balance sheet are measured at cost less accumulated amortisation and impairment losses.

On completion of a development project, development costs are amortised on a straight-line basis over the estimated useful life. The amortisation period is usually 5 years and cannot exceed 10 years.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

Cost does not include interests.

Straight-line depreciation is made on the basis of the following estimated useful lives of the assets:

Buildings: 25-30 years
Plant and machinery: 3-8 years
Leasehold improvements: 4-7 years

For leasehold improvements and assets subject to finance leases, the depreciation period cannot exceed the contract period.

Gains or losses are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains and losses from the disposal of property, plant and equipment are recognised in the income statement as other operating income or other operating expenses.

Leases

The Company has chosen IAS 17 as interpretation for classification and recognition of leases.

On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor. Assets held under finance leases are subsequently accounted for in the same way as the Company's other assets.

The capitalised residual lease liability is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

Leases that do not transfer substantially all the risks and rewards incident to the ownership to the Company are classified as operating leases. Payments relating to operating leases and any other rent agreements are recognised in the income statement over the term of the lease. The Company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under "Contingent liabilities".

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries and participating interests

Equity investments in subsidiaries and participating interests are measured according to the equity method.

On initial recognition, equity investments in subsidiaries and participating interests are measured at cost, i.e. plus transaction costs. The cost is allocated in accordance with the acquisition method; see the accounting policies regarding business combinations.

The cost is adjusted by shares of profit/loss after tax calculated in accordance with the Group's accounting policies less or plus unrealised intra-group gains/losses.

Identified increases in value and goodwill, if any, compared to the underlying entity's net asset value are amortised in accordance with the accounting policies for the assets and liabilities to which they can be attributed. Negative goodwill is recognised in the income statement.

Dividend received is deduced from the carrying amount.

Equity investments in subsidiaries and participating interests measured at net asset value are subject to impairment test requirements if there is any indication of impairment.

Impairment of fixed assets

The carrying amount of intangible assets, property, plant and equipment and investments in subsidiaries and associates is assessed for impairment on an annual basis.

Impairment tests are conducted on assets or groups of assets when there is evidence of impairment. The carrying amount of impaired assets is reduced to the higher of the net selling price and the value in use (recoverable amount).

The recoverable amount is the higher of the net selling price of an asset and its value in use. The value in use is calculated as the present value of the expected net cash flows from the use of the asset or the group of assets and the expected net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists. Impairment losses on goodwill are not reversed.

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value. The net realisable value of inventories is calculated as the sales amount less costs of completion and expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

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

Receivables are measured at amortised cost.

An impairment loss is recognised if there is objective evidence that a receivable or a group of receivables is impaired. If there is objective evidence that an individual receivable has been impaired, an impairment loss is recognised on an individual basis.

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

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

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

Construction contracts

Service supplies and contract work in progress for third parties are measured at the market value of the work performed less progress billings. The market value is calculated based on the stage of completion at the balance sheet date and the total expected income from the relevant contract. The stage of completion is calculated based on the expenses incurred relative to the expected total expenses relating to the relevant contract.

Where the outcome of contract work in progress cannot be estimated reliably, the market value is measured at the expenses incurred in so far as they are expected to be paid by the purchaser.

Where the total expenses relating to the work in progress are expected to exceed the total market value, the expected loss is recognised as a loss-making agreement under "Provisions" and is expensed in the income statement.

The value of work in progress less progress billings is classified as assets when the selling price exceeds progress billings and as liabilities when progress billings exceed the market value.

Prepayments

Prepayments recognised under "Assets" comprise prepaid expenses regarding subsequent financial reporting years.

Cash

Cash comprises cash in hand.

Equity

Reserve for net revaluation according to the equity method

The net revaluation reserve according to the equity method includes net revaluations of investments in subsidiaries and associates relative to cost. The reserve can be eliminated in case of losses, realisation of investments or a change in accounting estimates. The reserve cannot be recognised at a negative amount.

Reserve for development costs

The reserve for development costs comprises recognised development costs. The reserve cannot be used to distribute dividend or cover losses. The reserve will be reduced or dissolved if the recognised development costs are amortised or are no longer part of the Company's operations by a transfer directly to the distributable reserves under equity.

Translation reserve

The translation reserve comprises the share of foreign exchange differences arising on translation of financial statements of entities that have a functional currency other than DKK, foreign exchange adjustments of assets and liabilities considered part of the Company's net investments in such entities and foreign exchange adjustments regarding hedging transactions that hedge the Company's net investments in such entities. The reserve is dissolved on the sale of foreign entities or if the conditions for effective hedging no longer exist. When equity investments in subsidiaries and associates in the parent company financial statements are subject to the limitation requirement in the net revaluation reserve according to the equity method, foreign exchange adjustments will be included in this equity reserve instead.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Proposed dividends

Dividend proposed for the year is recognised as a liability once adopted at the annual general meeting (declaration date). Dividends expected to be distributed for the financial year are presented as a separate item under "Equity".

Income taxes

Current tax payables and receivables are recognised in the balance sheet as the estimated income tax charge for the year, adjusted for prior-year taxes and tax paid on account.

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and on office premises and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

Deferred tax is measured according to the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Deferred tax assets are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

Payables to credit institutions

Mortgage debt is recognised on the raising of the loan at the proceeds received net of transaction costs incurred. On subsequent recognition, mortgage debt is measured at amortised cost, using the effective interest rate method. Borrowing costs, including capital losses, are recognised as financing costs in the income statement over the term of the loan.

Other payables

Other payables are measured at net realisable value.

Lease liabilities

Lease liabilities are measured at the net present value of the remaining lease payments including any guaranteed residual value based on the interest rate implicit in the lease.

Financial ratios

The financial ratios stated under "Financial highlights" have been calculated as follows:

| | |
|-----------------------|---|
| Operating profit/loss | Profit/loss before financial items adjusted for other operating income and other operating expenses |
| Equity ratio | $\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$ |
| Return on equity | $\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$ |

Financial statements 1 January - 31 December

Notes to the financial statements

2 Events after the balance sheet date

No events of material importance to the financial position of the undertaking occurred after the balance sheet date.

| DKK | <u>2022</u> | <u>2021</u> |
|---|------------------|------------------|
| 3 Amortisation/depreciation of intangible assets and property, plant and equipment | | |
| Amortisation of intangible assets | 90,725 | 11,127 |
| Depreciation of property, plant and equipment | <u>2,357,732</u> | <u>1,959,254</u> |
| | <u>2,448,457</u> | <u>1,970,381</u> |

Amortisation/depreciation of intangible assets and property, plant and equipment is recognised in the income statement under the following items:

| | | |
|--------------------------------------|------------------|------------------|
| Production costs | 2,035,456 | 1,860,272 |
| Administrative expenses | <u>413,001</u> | <u>110,109</u> |
| | <u>2,448,457</u> | <u>1,970,381</u> |
| 4 Tax for the year | | |
| Estimated tax charge for the year | 61,783 | 58,772 |
| Deferred tax adjustments in the year | 1,137,139 | 1,027,570 |
| Tax adjustments, prior years | <u>1,730</u> | <u>0</u> |
| | <u>1,200,652</u> | <u>1,086,342</u> |

Financial statements 1 January - 31 December

Notes to the financial statements

5 Intangible assets

| DKK | Completed development projects | Acquired intangible assets | Development projects in progress and prepayments for intangible assets | Total |
|--|--------------------------------|----------------------------|--|------------------|
| Cost at 1 January 2022 | 0 | 1,513,034 | 1,525,523 | 3,038,557 |
| Additions | 305,688 | 0 | 1,845,112 | 2,150,800 |
| Transferred | 2,184,827 | 51,925 | -2,236,752 | 0 |
| Cost at 31 December 2022 | 2,490,515 | 1,564,959 | 1,133,883 | 5,189,357 |
| Impairment losses and amortisation at 1 January 2022 | 0 | 1,406,250 | 0 | 1,406,250 |
| Amortisation for the year | 41,509 | 49,216 | 0 | 90,725 |
| Impairment losses and amortisation at 31 December 2022 | 41,509 | 1,455,466 | 0 | 1,496,975 |
| Carrying amount at 31 December 2022 | 2,449,006 | 109,493 | 1,133,883 | 3,692,382 |
| Amortised over | 5 years | 3-5 years | | |

Development projects consist of software solutions that are part of DELPRO's digitalisation strategy. The projects are expected to provide substantial benefits to a wide range of areas of DELPRO's business.

The projects are expected to be completed in the next couple of years. There are no special preconditions for DELPRO to be able to utilize the benefits of the projects.

6 Property, plant and equipment

| DKK | Land and buildings | Plant and machinery | Leasehold improvements | Property, plant and equipment under construction | Prepayments for property, plant and equipment | Total |
|---|--------------------|---------------------|------------------------|--|---|-------------------|
| Cost at 1 January 2022 | 10,204,071 | 14,713,555 | 517,478 | 191,095 | 60,000 | 25,686,199 |
| Additions | 0 | 1,125,133 | 70,125 | 432,317 | 0 | 1,627,575 |
| Disposals | 0 | -2,010,776 | 0 | 0 | -60,000 | -2,070,776 |
| Cost at 31 December 2022 | 10,204,071 | 13,827,912 | 587,603 | 623,412 | 0 | 25,242,998 |
| Impairment losses and depreciation at 1 January 2022 | 1,517,840 | 10,023,590 | 16,693 | 0 | 0 | 11,558,123 |
| Depreciation | 246,868 | 2,035,456 | 75,408 | 0 | 0 | 2,357,732 |
| Reversal of accumulated depreciation and impairment of assets disposed | 0 | -1,787,776 | 0 | 0 | 0 | -1,787,776 |
| Impairment losses and depreciation at 31 December 2022 | 1,764,708 | 10,271,270 | 92,101 | 0 | 0 | 12,128,079 |
| Carrying amount at 31 December 2022 | 8,439,363 | 3,556,642 | 495,502 | 623,412 | 0 | 13,114,919 |
| Property, plant and equipment include finance leases with a carrying amount totalling | 0 | 1,698,694 | 0 | 0 | 0 | 1,698,694 |
| Depreciated over | 25-30 years | 3-8 years | 4-7 years | | | |

Note 15 provides more details on security for loans, etc. as regards property, plant and equipment.

Financial statements 1 January - 31 December

Notes to the financial statements

7 Investments

| DKK | Investments in group enterprises | Investments in Participating interests | Other receivables | Total |
|--|--|--|----------------------|----------------|
| Cost at 1 January 2022 | 8,550 | 250,000 | 312,976 | 571,526 |
| Disposals | 0 | 0 | -58,782 | -58,782 |
| Cost at 31 December 2022 | 8,550 | 250,000 | 254,194 | 512,744 |
| Value adjustments at 1 January 2022 | 331,830 | 960,657 | 0 | 1,292,487 |
| Foreign exchange adjustments | -6,264 | 64,025 | 0 | 57,761 |
| Profit/loss for the year | -344,795 | -1,035,176 | 0 | -1,379,971 |
| Transferred | 113,623 | 0 | 0 | 113,623 |
| Value adjustments at 31 December 2022 | 94,394 | -10,494 | 0 | 83,900 |
| Carrying amount at 31 December 2022 | 102,944 | 239,506 | 254,194 | 596,644 |

Subsidiaries

| Name | Legal form | Domicile | Interest |
|--------------------------|------------|----------|----------|
| DELPRO Poland SP. z.o.o. | z.o.o. | Polen | 100.00% |
| DELPRO NL B.V. | B.V. | Holland | 100.00% |

Participating interests

| | | | |
|-----------------|-----|---------|--------|
| DELPRO WIND A/S | A/S | Denmark | 50.00% |
|-----------------|-----|---------|--------|

DKK

8 Construction contracts

| | 2022 | 2021 |
|--------------------------------------|-------------------|------------------|
| Selling price of work performed | 48,785,208 | 18,921,869 |
| Progress billings | -32,988,244 | -10,207,243 |
| | <u>15,796,964</u> | <u>8,714,626</u> |
| recognised as follows: | | |
| Construction contracts (assets) | 16,671,719 | 15,988,952 |
| Construction contracts (liabilities) | -874,755 | -7,274,326 |
| | <u>15,796,964</u> | <u>8,714,626</u> |

9 Prepayments

Prepayments consists of prepaid subscriptions, circulation tax, lease and so on.

10 Share capital

The Company's share capital has remained DKK 6,000,000 in the past year.

Financial statements 1 January - 31 December

Notes to the financial statements

| DKK | 2022 | 2021 |
|------------------------------------|-------------------|-------------------|
| 11 Deferred tax | | |
| Deferred tax at 1 January | -2,271,139 | -3,298,709 |
| Recognised in the income statement | 1,137,139 | 1,027,570 |
| Deferred tax at 31 December | -1,134,000 | -2,271,139 |
| Deferred tax relates to: | | |
| Intangible assets | 794,018 | 337,141 |
| Property, plant and equipment | -498,419 | -573,590 |
| Receivables | 146,004 | 944,659 |
| Tax loss | -1,575,603 | -2,979,349 |
| | -1,134,000 | -2,271,139 |
| Analysis of the deferred tax | | |
| Deferred tax assets | -1,134,000 | -2,271,139 |
| | -1,134,000 | -2,271,139 |

It is the Management assessment that the deferred tax assets can be used within 3-5 years. The recognition is based on Management's expectations for future earnings.

12 Non-current liabilities other than provisions

| DKK | Total debt at 31/12 2022 | Repayment, next year | Long-term portion | Outstanding debt after 5 years |
|-------------------|-----------------------------|-------------------------|----------------------|-----------------------------------|
| Mortgage debt | 4,721,412 | 231,574 | 4,489,838 | 3,540,555 |
| Lease liabilities | 1,732,628 | 636,926 | 1,095,702 | 0 |
| Other payables | 9,543,995 | 3,427,146 | 6,116,849 | 0 |
| | 15,998,035 | 4,295,646 | 11,702,389 | 3,540,555 |

13 Staff costs

| | | |
|-----------------------------|--------------------|-------------------|
| Wages/salaries | 88,447,947 | 84,212,733 |
| Pensions | 7,448,624 | 7,004,879 |
| Other social security costs | 1,671,974 | 1,261,065 |
| Other staff costs | 2,755,564 | 2,605,325 |
| | 100,324,109 | 95,084,002 |

Staff costs are recognised as follows in the financial statements:

| | | |
|---------------------------------------|--------------------|-------------------|
| Production | 83,475,838 | 79,844,900 |
| Distribution | 5,388,600 | 4,685,221 |
| Administration | 11,459,671 | 10,553,881 |
| | 100,324,109 | 95,084,002 |
| | 2022 | 2021 |
| Average number of full-time employees | 145 | 138 |

Total remuneration to Management (Executive Board and Board of Directors): DKK 2,584 thousand (2021: DKK 2,555 thousand)

Financial statements 1 January - 31 December

Notes to the financial statements

14 Contractual obligations and contingencies, etc.

DELPRO A/S is included in the joint taxation with the Symphony Group until and including 30 September 2022, where Symphony Group Holding ApS is the management company.

Subsequently, DELPRO A/S joins the joint taxation circle with the Friis Group, where Friis Group A/S is the management company.

DELPRO A/S is jointly and severally liable with the other jointly taxed companies for the total corporate income tax.

The company shall be jointly and severally liable with the other jointly taxed companies for any obligations to withhold withholding tax on interest, royalties and dividends.

Other financial obligations

DELPRO A/S has liabilities under operating leases, totalling DKK 9,775 thousand with remaining contract terms of 60 months.

In addition, the company has entered into lease agreements for premises, where the obligation as of 31 December 2022 during the non-termination period amounts to DKK 1,464 thousand.

15 Collateral

The company's bank and insurance company has provided third-party guarantees that are usual to the business. Guarantees at 31. december 2022 amount to DKK 6,577 thousand.

Bank loans are secured by way of floating charge of DKK 11mio. nominal secured on unsecured claims, inventories, operating equipment, etc. The carrying amount of the assets pledged is DKK 42,791 thousand as of 31. december 2022.

As security for DELPRO Holding A/S's bank loan, a guarantee of all debt has been provided. The bank loan at 31. december 2022 totals DKK 1,956 thousand.

As security for DELPRO Wind A/S's bank loans, a guarantee of maximum DKK 5,000 thousand has been provided. The bank loans as of 31. december 2022 totals DKK 9,821 thousand.

As security for debt to mortgage bank, DKK 4,721 thousand, security has been provided in the form of an owner's mortgage deed of nomination of DKK 5,025 thousand in land and buildings whose carrying value as at 31 December 2022 is DKK 8,439 thousand.

16 Related parties

DELPRO A/S' related parties comprise the following:

Parties exercising control

| <u>Related party</u> | <u>Domicile</u> | <u>Basis for control</u> |
|----------------------|-----------------|--------------------------|
| Friis Group A/S | Haderslev | Participating interest |

Information about consolidated financial statements

| <u>Parent</u> | <u>Domicile</u> | <u>Requisitioning of the parent company's consolidated financial statements</u> |
|-----------------|-----------------|---|
| Friis Group A/S | Haderslev | Cvr.dk |

Related party transactions

The Company solely discloses related party transactions that have not been carried out on an arm's length basis, cf. section 98c(7) of the Danish Financial Statements Act.

All transactions have been carried out on an arm's length basis.

Financial statements 1 January - 31 December

Notes to the financial statements

16 Related parties (continued)

| DKK | <u>2022</u> | <u>2021</u> |
|--|------------------|-------------------|
| 17 Appropriation of profit | | |
| Recommended appropriation of profit | | |
| Net revaluation reserve according to the equity method | -1,265,439 | 0 |
| Other reserves | 1,497,259 | 4,580,421 |
| Retained earnings/accumulated loss | <u>2,427,226</u> | <u>-1,189,911</u> |
| | <u>2,659,046</u> | <u>3,390,510</u> |

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Jacob Christian Rath

Executive Board

På vegne af: DELPRO A/S

Serienummer: ea20d04d-32ae-45a7-88d7-1bbee4717a69

IP: 217.116.xxx.xxx

2023-04-17 14:23:50 UTC



Jacob Christian Rath

Chair

På vegne af: DELPRO A/S

Serienummer: ea20d04d-32ae-45a7-88d7-1bbee4717a69

IP: 217.116.xxx.xxx

2023-04-17 14:23:50 UTC



Jacob Christian Rath

Board of Directors

På vegne af: DELPRO A/S

Serienummer: ea20d04d-32ae-45a7-88d7-1bbee4717a69

IP: 217.116.xxx.xxx

2023-04-17 14:23:50 UTC



Thomas Flensted Schultz

Board of Directors

På vegne af: DELPRO A/S

Serienummer: dc49e7ea-5ba7-41bd-8a6b-be3dc2134744

IP: 194.239.xxx.xxx

2023-04-17 14:51:07 UTC



Jens Kristian Kjærulff Damsgaard

Board of Directors

På vegne af: DELPRO A/S

Serienummer: d969c842-67ae-474a-9e78-0b32604acba4

IP: 94.147.xxx.xxx

2023-04-17 15:57:59 UTC



Carsten Friis

Deputy chairperson

På vegne af: DELPRO A/S

Serienummer: 423b5802-085a-46e1-ba04-26b92eb296b9

IP: 80.197.xxx.xxx

2023-04-17 20:23:37 UTC



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Lone Søgaard Sall

Executive Board

På vegne af: DELPRO A/S

Serienummer: 979ccdd2-a4e3-431e-96bf-7efff9e3728a

IP: 217.116.xxx.xxx

2023-04-18 07:28:22 UTC



Birgitte Brinch Madsen

Board of Directors, chair

På vegne af: DELPRO A/S

Serienummer: PID:9208-2002-2-907154696202

IP: 2.111.xxx.xxx

2023-04-18 07:47:59 UTC



Annika Hofmann Schelde

Board of Directors

På vegne af: DELPRO A/S

Serienummer: 894b30a7-3013-45ee-9f91-ed1c217d294c

IP: 217.116.xxx.xxx

2023-04-18 11:23:35 UTC



David Packness Meyer

Board of Directors

På vegne af: DELPRO A/S

Serienummer: 7a40d925-99fd-4618-a388-405f6efd984b

IP: 80.197.xxx.xxx

2023-04-20 06:32:55 UTC



Karen Joergensen

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:58932788

IP: 145.62.xxx.xxx

2023-04-20 07:23:51 UTC



Lars G. Mortensen

State Authorised Public Accountant

På vegne af: EY Godkendt Revisionspartnerselskab

Serienummer: CVR:30700228-RID:74958403

IP: 145.62.xxx.xxx

2023-04-20 07:34:00 UTC



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