
Valcon A/S

Meldahlsgade 5, 2., DK-1613 København V

Annual Report for 1 July - 31 December 2021

CVR No 25 25 40 90

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
28/3 2022

Lars Kallestrup
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 Valcon A/S for the financial year 1 July - 31 December 2021.

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

In our opinion the Financial Statements give a true and fair view of the financial position at 31 December 2021 of the Company and of the results of the Company operations and cash flows for 1 July - 31 December 2021.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Copenhagen, 28 March 2022

Executive Board


Stig Jessen


Michael Hjørdlund

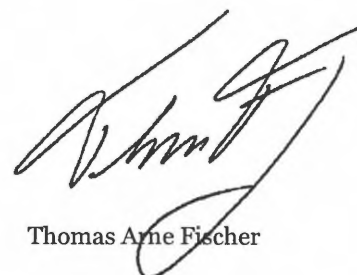
Board of Directors

Gerard Pieter Marie van den Goor
Chairman



Maarten Anton Theodoor
Icking




Thomas Arne Fischer

Independent Auditor's Report

To the Shareholder of Valcon A/S

Opinion

In our opinion, the Financial Statements give a true and fair view of the financial position of the Company at 31 December 2021 and of the results of the Company's operations and cash flows for the financial year 1 July - 31 December 2021 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Valcon A/S for the financial year 1 July - 31 December 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover Management's Review, and we do not express any form of assurance conclusion thereon.

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

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

Based on the work we have performed, in our view, Management's Review is in accordance with the Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

Independent Auditor's Report

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 about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.

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 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.

Hellerup, 28 March 2022

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

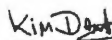
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Jacob Fromm Christiansen

statsautoriseret revisor

mne18628



Kim Danstrup

statsautoriseret revisor

mne32201

Company Information

The Company

Valcon A/S
Meldahls­gade 5, 2.
DK-1613 København V

CVR No: 25 25 40 90
Financial period: 1 July - 31 December
Municipality of reg. office: København

Board of Directors

Gerard Pieter Marie van den Goor, Chairman
Maarten Anton Theodoor Icking
Thomas Arne Fischer

Executive Board

Stig Jessen
Michael Hjortlund

Auditors

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
Strandvejen 44
DK-2900 Hellerup

Financial Highlights

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

	1 July - 31 December				
	2021	2020/21	2019/20	2018/19	2017/18
	TDKK	TDKK	TDKK	TDKK	TDKK
Key figures					
Profit/loss					
Revenue	90,418	226,008	257,262	264,498	265,518
Gross profit/loss	52,444	159,138	185,957	165,784	181,764
Operating profit/loss	3,230	32,438	41,687	11,953	42,426
Net financials	-271	-242	-305	2,605	-1,301
Net profit/loss for the year	2,297	25,215	30,833	12,542	32,136
Balance sheet					
Balance sheet total	65,222	113,310	136,339	102,210	133,522
Equity	30,097	59,821	67,171	48,870	68,508
Number of employees	100	109	132	146	130
Ratios					
Gross margin	58.0%	70.4%	72.3%	62.7%	68.5%
Profit margin	3.6%	14.4%	16.2%	4.5%	16.0%
Return on invested capital	5.0%	28.6%	30.6%	11.7%	31.8%
Solvency ratio	46.1%	52.8%	49.3%	47.8%	51.3%
Return on equity	5.1%	39.7%	53.1%	21.4%	50.0%

The ratios have been prepared in accordance with the recommendations and guidelines issued by the Danish Society of Financial Analysts. For definitions, see under accounting policies.

Management's Review

Key activities

Valcon A/S is a knowledge-based company and is a subsidiary of Valcon Holding B.V. with activities across Europe. Valcon is an operational advisory business delivering strategic, operational and digital consulting European clients across sectors in Europe.

Operating model

Our operating model is a typical project delivery business with a mix of time and material and fixed price contracts. Typically, customers are serviced on a project-to-project basis or through framework agreements enabling an agile and swift approach to recurring work. Contracts are advisory in character with no extraordinary product or services risk included.

Development in the year

Since December 2020 Valcon A/S has grown from around 150 local fee earners to being part of more than 1.200 professionals in December 2021 in Valcon Holding. We serve clients out of offices in Benelux, Scandinavia, The United Kingdom Germany and Croatia.

Valcons fiscal year has been changed to coincide with group fiscal year, so results are based on 1 July to 31 December 2021.

Revenue of DKK 90.4 million and operating profit of DKK 3.2 million do not compare with prior years both due to the shorter period and larger vacation periods of the year happening in this window. Measured per professional in the company, the Danish business has grown in the financial year.

Since 30 June 2021, Valcon A/S has made the distribution of extraordinary dividends in the amount of DKK 32.4 million in the form of distribution of all shares in Valcon AB to its Parent company, Valcon Holding B.V.

The Company's knowledge resources

The Company's opportunities to retain and recruit a highly qualified staff is critical to the continued development of the Company.

Over the year, we have focused on strengthening our recruitment platform, including continued focus on a talent programme for attracting and training the best candidates from universities and businesses, as well as a comprehensive development programme for professionals.

Management's Review

Special risks

The Company's consultancy services are broadly based within operational and strategic consulting, and the risks the Company may be exposed to are consequently in essence the same risks found within consulting in general. There are no special financial risks with respect to the development in interest rates or exchange rates.

Outlook

Over the year, the group has strengthened our basis for future growth and profitability, both through a strengthened position in the market in and outside Scandinavia, and through a strong development of competencies and services. Both on Group level and in Denmark, Valcon expects substantial growth in 2022 and due to the strengthened position, we expect the revenue and profitability to increase compared to the performance in 2020/2021 with 5-10% on revenue and 20-30% on EBITDA.

Statement of corporate social responsibility

Valcon aspires to have workplace with excellent work conditions and the industry's highest level of welfare among employees. Valcon therefore regularly carries out a workplace evaluation of the physical and mental work environment, as well as annual employee welfare surveys/management evaluation to follow up on our employees' welfare.

All applicants and employees are treated the same irrespective of gender, nationality, religion or any other differences.

The disclosed policies, key actions and results applying to the Valcon meets the reporting requirements of the Danish Financial Statements Act on corporate responsibility and gender composition of management (§99a and §99b). In Valcon, we work on the basis of a global code of behaviour. This is a set of rules that guide us with respect to human rights, social conditions, environmental and climate matters as well as the fight against corruption. We call this our Code of Conduct. We furthermore have a "Valcon Global Third Parties Code of Conduct" concerning our relationship with suppliers. Valcon generally regards itself as not having essential risks with respect to social responsibility. Human rights are handled together with our Code of Conduct for suppliers and together with our work regarding diversity. In the work with human rights, Valcon are viewing the work from UN on human rights and believes it is the role of the State to protect, but the role as Employer to respect human rights. Relating to anti-corruption and bribery, Valcon does not accept any activity relating to this and informing all employees that this is not accepted, and any activities relating to this matter should be reported. During the financial year 2021 we have not registered any cases of violation of human rights or anti-corruption.

In Valcon, we are aware that we play an important role as company, workplace and participant in society. Not only with respect to our role as designers and advisors in relation to many important decisions in the business world but also with respect to important global issues and challenges that we can only solve in cooperation as a society. In Valcon, the human being and the talent are in focus, and we feel a special obligation to these in our society.

Management's Review

In 2021, as a natural extension of our position as a knowledge company, we have made our knowledge available through participation in conferences, internal course activities, knowledge publications and reports.

Valcon and Sustainability

The ambition

As a consulting and knowledge company, it is essential for us at Valcon to be a role model for our clients and for society at large. We want the knowledge we have to contribute to solving one of the most pressing issues of our time: environmental and social sustainability.

In terms of sustainability, our ambition statements set the general direction of our business.

We live by our values: Integrity, Together, Joy, Curious and Can do. Our values make it our priority to support clients in their transformation towards business models that is supported by the triple bottom line.

Internally, we take steps to achieve gender equality, reduce our carbon footprint - ultimately to become carbon neutral - and become the happiest company in the world.

The targets

Environment

As a knowledge company, our direct climate footprint is relatively limited, but we nevertheless believe that caring for the environment is a fundamental part of running a business. Valcon has during 2021 established an emissions baseline from 2019/2020 on scope 1, 2 and 3 emissions and reduction targets. This is the baseline to monitor improvements and changes going forward.

We are committed to minimizing our own environmental footprint while helping clients improve their environmental sustainability. We monitor our Green House Gas (GHG) emissions and follow the Green House Gas Protocol guidance and market best practices.

The emission levels from are distributed as follows:

Overview of Valcon A/S GHG emissions (Ton Co2-e)

Scope 1 = 2021 - 0 (2020* - 1)

Scope 2 = 2021** - 9 (2020* - 42)

Scope 3 = 2021 - 274 (2020* - 529)

Total = 2021 - 283 (2020* - 571)

* 2020 includes Valcon AB emissions

** Heating not included

Management's Review

The overall footprint shows a significant reduction from 2019/2020. The main contributor to the reduction in emission in Scope 2 and 3 is COVID-19 and the lockdowns in spring 2021 and December 2021. It has affected transportation broadly, and flights specifically, as even once national lockdowns lifted, borders remained heavily restricted. In addition, emission from food and electricity (canteens) has dropped. New hires and necessary changes and updates to IT equipment have contributed with a subsequent increase in emissions from procurement.

On the pathway to become a more sustainable company, Valcon has committed to the following targets:

Valcon will be carbon neutral by financial year 2022 through offsetting. Different suppliers and solutions have been considered and chosen based on a best quality/price ratio including assessing the specific projects. Offsetting contractor has been identified in 2021 and we are planning to execute the offsetting in spring 2022.

Valcon will secure employee commitment to the sustainable agenda by ensuring conscious and well-informed behaviour through information and communication. As an example, the food supplier and the travel agency deliver detailed CO₂ calculations to Valcon to facilitate understanding and nudge possible change in behaviours. A dashboard regarding flight has been developed in 2021.

Valcon is committed to sourcing 100 percent renewable energy for Valcon facilities. In 2021, the current consumption has been analyzed in cooperation with the landlord and minor energy reductions initiatives have been taken to reduce energy usage. The Valcon office is located in a building with several other companies, and all companies need to make a change of suppliers at the same time. Consequently, the process is taking time, but steps have been taken and we expect to accomplish our goal.

Valcon has joined the UN Global Compact in December 2021 and is committed to reporting on the ten principles of the UNGC. Part of that commitment is that Valcon will publicly reaffirm it annually including our concrete objectives and progress towards them as commenced in 2021.

Diversity

In order to develop Valcon in the right direction, it is vital that diversity is promoted throughout the company. This includes i.a. gender, ethnicity, and educational background. Through its internal focus on sustainability, Valcon has placed a heavy focus on gender parity on all levels.

Today, 2021 the ratio of female employees in Valcon is 31 % of the total number of employees. The ratio of female consultants in Valcon is 24% of the total number of employees, 2021.

This is a minor improvement compared to 2020/2021 (28 %).

The ambition is that the gender distribution should be evened out and therefore the ambition is to reach a composition of the employees where 50% are female in 2025. Additionally, there is a target to have at least 30% women in the partner group by 2025. Today, Valcon A/S has 10% women in the partner group.

Management's Review

How

We are committed to showing our clients and employees that we at Valcon take climate change seriously. We are committed to limiting the largest levers for our CO₂ emissions, which include flights, transportation, and the food we consume.

We have therefore started a collaboration with Kokkenes Køkken on how to limit our emission footprint from our canteen. Furthermore, we are developing an emission tracker to make it visible to all employees what the impact of our travelling is to ensure conscious choices. This work has continued in 2022.

In order to develop Valcon in the right direction it is critical that we promote diversity in all areas, including gender, ethnicity and educational background. This means that we in our last financial year have strived to ensure that we can retain and develop our female talents, as their developments enables them to take on greater management responsibility in Valcon. To improve the gender balance in Valcon Valcon has launched Valcons first Female Mentorship Program at the start of 2021 with the aim to attract and retain female consultants. The program consists of both an internal and external part, where promising females get mentored throughout a 10-months period. This program is one of the efforts that Valcon is undertaking as a commitment to the ambition to reach an equal distribution of female and male employees in Valcon.

Statement on gender composition

It is the objective that the Valcon Board should have a female member no later than 2023. At the end of 2021, the status was no woman on the board of Valcon.

Subsequent events

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

Income Statement

	Note	1 July 2021 - 31 December 2021 DKK	1 July 2020 - 30 June 2021 DKK
Revenue		90,418,074	226,008,371
Other external expenses		-37,974,012	-66,869,930
Gross profit/loss		52,444,062	159,138,441
Staff expenses	1	-48,749,859	-124,776,649
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-463,848	-1,923,999
Profit/loss before financial income and expenses		3,230,355	32,437,793
Income from investments in subsidiaries		0	110,586
Financial income	2	189,184	642,056
Financial expenses	3	-460,382	-994,397
Profit/loss before tax		2,959,157	32,196,038
Tax on profit/loss for the year	4	-662,470	-6,981,145
Net profit/loss for the year		2,296,687	25,214,893

Balance Sheet

Assets

	Note	31 December 2021 DKK	30 June 2021 DKK
Leasehold improvements		1,387,233	1,795,362
Property, plant and equipment	5	1,387,233	1,795,362
Investments in subsidiaries	6	0	4,920,052
Deposits	7	2,095,541	2,095,166
Fixed asset investments		2,095,541	7,015,218
Fixed assets		3,482,774	8,810,580
Trade receivables		43,739,879	53,715,533
Contract work in progress	8	2,095,997	2,226,638
Receivables from group enterprises		40,177	0
Other receivables		202,747	414,299
Deferred tax asset	12	994,382	1,117,792
Prepayments	9	1,553,676	1,884,834
Receivables		48,626,858	59,359,096
Cash at bank and in hand		13,112,347	45,140,286
Currents assets		61,739,205	104,499,382
Assets		65,221,979	113,309,962

Balance Sheet

Liabilities and equity

	Note	31 December 2021 DKK	30 June 2021 DKK
Share capital	10	887,850	887,850
Reserve for net revaluation under the equity method		0	2,494,217
Retained earnings		29,209,370	56,438,518
Equity		30,097,220	59,820,585
Other payables		8,173,987	9,544,541
Long-term debt	13	8,173,987	9,544,541
Trade payables		5,973,987	7,364,185
Contract work in progress, liabilities	8	4,305,961	1,910,629
Payables to group enterprises		0	182,029
Corporation tax		4,356,815	7,477,755
Other payables	13	12,314,009	27,010,238
Short-term debt		26,950,772	43,944,836
Debt		35,124,759	53,489,377
Liabilities and equity		65,221,979	113,309,962
Distribution of profit	11		
Contingent assets, liabilities and other financial obligations	16		
Related parties	17		
Accounting Policies	18		

Statement of Changes in Equity

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Total
	DKK	DKK	DKK	DKK
Equity at 1 July	887,850	2,494,217	56,438,518	59,820,585
Extraordinary dividend paid	0	0	-32,020,052	-32,020,052
Dissolution of previous years' revaluation	0	-2,494,217	2,494,217	0
Net profit/loss for the year	0	0	2,296,687	2,296,687
Equity at 31 December	887,850	0	29,209,370	30,097,220

Cash Flow Statement

	Note	1 July 2021 - 31 December 2021 DKK	1 July 2020 - 30 June 2021 DKK
Net profit/loss for the year		2,296,687	25,214,893
Adjustments	14	1,397,516	9,146,899
Change in working capital	15	-4,635,225	-10,100,706
Cash flows from operating activities before financial income and expenses		-941,022	24,261,086
Financial income		189,184	688,534
Financial expenses		-460,382	-994,397
Cash flows from ordinary activities		-1,212,220	23,955,223
Corporation tax paid		-3,660,000	-5,127,626
Cash flows from operating activities		-4,872,220	18,827,597
Purchase of property, plant and equipment		-55,719	0
Cash flows from investing activities		-55,719	0
Dividend paid		-27,100,000	-32,732,768
Cash flows from financing activities		-27,100,000	-32,732,768
Change in cash and cash equivalents		-32,027,939	-13,905,171
Cash and cash equivalents at 1 July		45,140,286	59,045,457
Exchange adjustment		0	-46,478
Cash and cash equivalents at 31 December		13,112,347	45,140,286
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		13,112,347	45,140,286
Cash and cash equivalents at 31 December		13,112,347	45,140,286

Notes to the Financial Statements

	1 July 2021 - 31 December 2021 DKK	1 July 2020 - 30 June 2021 DKK
1 Staff expenses		
Wages and salaries	48,413,354	123,954,170
Other social security expenses	336,505	822,479
	48,749,859	124,776,649
Including remuneration to the Executive Board and Board of Directors of:		
Executive Board	2,616,000	4,646,000
Supervisory Board	0	100,000
	2,616,000	4,746,000
Average number of employees	100	109
2 Financial income		
Other financial income	189,184	642,056
	189,184	642,056
3 Financial expenses		
Other financial expenses	239,251	356,375
Exchange adjustments, expenses	221,131	638,022
	460,382	994,397
4 Tax on profit/loss for the year		
Current tax for the year	539,060	7,477,755
Deferred tax for the year	235,885	-359,209
Adjustment of deferred tax concerning previous years	-112,475	-137,401
	662,470	6,981,145

Notes to the Financial Statements

5 Property, plant and equipment

	Leasehold improvements DKK
Cost at 1 July	4,382,123
Additions for the year	55,719
Cost at 31 December	4,437,842
Impairment losses and depreciation at 1 July	2,586,761
Depreciation for the year	463,848
Impairment losses and depreciation at 31 December	3,050,609
Carrying amount at 31 December	1,387,233
Depreciated over	2-5 years

6 Investments in subsidiaries

	31 December 2021 DKK	30 June 2021 DKK
Cost at 1 July	2,425,835	2,425,835
Disposals for the year	-2,425,835	0
Cost at 31 December	0	2,425,835
Value adjustments at 1 July	2,494,217	2,216,382
Disposals for the year	-2,494,217	0
Exchange adjustment	0	167,249
Net profit/loss for the year	0	110,586
Value adjustments at 31 December	0	2,494,217
Carrying amount at 31 December	0	4,920,052

Notes to the Financial Statements

7 Other fixed asset investments

	Deposits DKK
Cost at 1 July	2,095,166
Additions for the year	375
Cost at 31 December	2,095,541
Carrying amount at 31 December	2,095,541

8 Contract work in progress

	31 December 2021 DKK	30 June 2021 DKK
Selling price of work in progress	2,095,997	2,226,638
Payments received on account	-4,305,961	-1,910,629
	-2,209,964	316,009
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	2,095,997	2,226,638
Prepayments received recognised in debt	-4,305,961	-1,910,629
	-2,209,964	316,009

9 Prepayments

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

10 Share capital

The share capital consists of 888,750 shares of a nominal value of DKK 1. No shares carry any special rights.

There have been no changes in the share capital during the last 5 years.

Notes to the Financial Statements

	1 July 2021 - 31 December 2021 DKK	1 July 2020 - 30 June 2021 DKK
11 Distribution of profit		
Extraordinary dividend paid	32,020,052	32,732,768
Reserve for net revaluation under the equity method	0	110,586
Retained earnings	-29,723,365	-7,628,461
	2,296,687	25,214,893

12 Deferred tax asset

Deferred tax asset at 1 July	1,117,792	621,183
Changes in deferred tax	-235,885	359,209
Changes in deferred tax previous years	112,475	137,400
Deferred tax asset at 31 December	994,382	1,117,792

The recognised deferred tax asset comprises temporary differences relating to property, plant and equipment.

13 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:

Other payables

Between 1 and 5 years	8,173,987	9,544,541
Long-term part	8,173,987	9,544,541
Other short-term payables	12,314,009	27,010,238
	20,487,996	36,554,779

Notes to the Financial Statements

	1 July 2021 - 31 December 2021 DKK	1 July 2020 - 30 June 2021 DKK
14 Cash flow statement - adjustments		
Financial income	-189,184	-642,056
Financial expenses	460,382	994,397
Depreciation, amortisation and impairment losses, including losses and gains on sales	463,848	1,923,999
Income from investments in subsidiaries	0	-110,586
Tax on profit/loss for the year	662,470	6,981,145
	1,397,516	9,146,899

15 Cash flow statement - change in working capital

Change in receivables	10,608,481	-1,829,716
Change in trade payables, etc	-15,243,706	-8,270,990
	-4,635,225	-10,100,706

16 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	6,591,057	6,519,761
Between 1 and 5 years	3,437,885	6,631,770
After 5 years	61,000	61,000
	10,089,942	13,212,531

17 Related parties

Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

Notes to the Financial Statements

17 Related parties (continued)

Ownership

The following shareholder is recorded in the Company's register of shareholders as holding at least 5% of the votes or at least 5% of the share capital:

Valcon Holding B.V.

Notes to the Financial Statements

18 Accounting Policies

The Annual Report of Valcon A/S for 2021 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The financial year of Valcon A/S has changed to 1. January - 31. December, in alignment with the Group's financial year.

The accounting policies applied remain unchanged from last year.

The Financial Statements are presented in DKK.

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.

Translation policies

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

Notes to the Financial Statements

18 Accounting Policies (continued)

Income Statement

Revenue

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Company. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

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

Other external expenses

Other external expenses comprise indirect production costs and expenses for premises, sales and distribution as well as office expenses, etc.

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 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.

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.

Notes to the Financial Statements

18 Accounting Policies (continued)

Balance Sheet

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and less any accumulated impairment losses.

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

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

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	3-5	years
Leasehold improvements	2-5	years

The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment 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 with deduction or addition of unrealised intercompany profits or losses and with addition of the remaining value of any increases in value and goodwill calculated at the time of acquisition of the enterprises.

Notes to the Financial Statements

18 Accounting Policies (continued)

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

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

Other fixed asset investments

Other fixed asset investments consist of deposits.

Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

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

Prepayments

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

Equity

Dividend

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

Notes to the Financial Statements

18 Accounting Policies (continued)

Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

Current tax receivables and liabilities

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

Financial debts

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

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

Cash Flow Statement

The cash flow statement shows the Company's cash flows for the year broken down by operating, investing and financing activities, changes for the year in cash and cash equivalents as well as the Company's cash and cash equivalents at the beginning and end of the year.

Notes to the Financial Statements

18 Accounting Policies (continued)

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".

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

Financial Highlights

Explanation of financial ratios

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