
Valcon A/S

Meldahlsgade 5, 2., DK-1613 København V

Annual Report for 2023

CVR No. 25 25 40 90

The Annual Report was
presented and adopted
at the Annual General
Meeting of the
company
on 27/3 2024

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 January - 31 December 2023.

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 2023 of the Company and of the results of the Company operations and cash flows for 2023.

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

Copenhagen, 27 March 2024

Executive Board

Michael Hjortlund

Thomas Nellemose Rosenlund

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 2023 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2023 in accordance with the Danish Financial Statements Act.

We have audited the Financial Statements of Valcon A/S for the financial year 1 January - 31 December 2023, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement and notes, including a summary of significant accounting policies ("the Financial Statements").

Basis for Opinion

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

Statement on Management's Review

Management is responsible for Management's Review.

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

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

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

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

Management's responsibilities for the Financial Statements

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

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

Independent Auditor's report

Auditor's responsibilities for the audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

Hellerup, 27 March 2024

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

Jacob F Christiansen

State Authorised Public Accountant

mne18628

Kim Danstrup

State Authorised Public Accountant

mne32201

Company information

The Company	Valcon A/S Meldahlsgade 5, 2. DK-1613 København V CVR No: 25 25 40 90 Financial period: 1 January - 31 December Municipality of reg. office: Copenhagen
Board of Directors	Gerard Pieter Marie van den Goor, chairman Maarten Anton Theodoor Icking Thomas Arne Fischer
Executive Board	Michael Hjortlund Thomas Nellemose Rosenlund
Auditors	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Strandvejen 44 DK-2900 Hellerup

Financial Highlights

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

	2023	2022	2021	2020/21	2019/20
	TDKK 12 months	TDKK 12 months	TDKK 6 months	TDKK 12 months	TDKK 12 months
Key figures					
Profit/loss					
Revenue	257,358	248,799	90,418	226,008	257,262
Gross profit	183,431	154,822	52,444	159,138	185,957
Net profit/loss for the year	12,587	21,107	2,297	25,215	30,833
Balance sheet					
Balance sheet total	72,842	86,118	65,222	113,310	136,339
Equity	24,791	36,204	30,097	59,821	67,171
Number of employees	158	117	109	109	132
Ratios					
Gross margin	71.3%	62.2%	58.0%	70.4%	72.3%
Profit margin	6.3%	10.9%	3.6%	14.4%	16.2%
Return on assets	22.4%	31.6%	5.0%	28.6%	30.6%
Solvency ratio	34.0%	42.0%	46.1%	52.8%	49.3%
Return on equity	41.3%	63.7%	5.1%	39.7%	53.1%

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

Valcon A/S Management review 2023

Key activities

Valcon A/S is a subsidiary of Valcon Holding B.V. with activities across Europe. Valcon is an advisory business delivering consulting services to European clients. The group has more than 1700 advisors across Europe.

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

Development in the year

With a revenue of tDDK 257,358 Valcon A/S has had a revenue growth of 3% pct in 2023 (compared to 2022 tDDK 248,799). Growth is driven by underlying growth across services. Since joining forces in Valcon Group, we have expanded breath of services to Scandinavian clients now serving across transformations with both advisory and delivery services including technology services and data management.

During the year Valcon A/S has expanded the office in Aarhus enabling us to further help clients in Jylland.

The Company's knowledge resources

The Valcon team is the critical element of our business. During 2023 we have had a solid uptake of employees with a net growth of 35% The growth has been aided through efficient recruitment as well as high retention in our team. We aspire to offer an industry best working experience for our people through a combination of exciting work for exciting clients, a deep focus on learning for all employees and creating an environment where everybody can be themselves.

Special risks

The Company's services are based within 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

Valcon Group expects organic growth to continue into 2024. Our strengthened position in Scandinavia leads us to expect 5-15% organic growth in revenue, profitability and team size.

Statement of corporate social responsibility in accordance with section 99a of the Danish Financial Statements Act

Intro

Refer to above, there is a description of the business model.

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 aim to act responsibly and share the knowledge we have to drive progress on one of the most pressing issues of our time: sustainability.

Management's review

In terms of sustainability, our business is guided by our ambition statement: 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 sustainable business models.

Internally, we take steps to achieve gender equality, reduce our carbon footprint - ultimately to become carbon neutral - and being the happiest company in the world. We have continued to work in this direction in 2023.

Valcon joined the UN Global Compact (UNGC) in 2021 and has committed to the ten principles of the UNGC. This annual review broadly reflects the structure of Communication on Progress (COP) to UNGC.

Governance

Valcon's code of conduct is applicable to all employees across group. Valcon's Code of Conduct is actively shared with all new and existing employees of Valcon in all countries in which we operate. New employees receive a copy of it before or on their first day of work, and to ensure everyone understands its contents, we devote time to discussing it during the onboarding day. For existing employees, the Code of Conduct can be found on the Intranet, and the Group Board also hold regular surveys on the topic which are shared with all employees.

The managing partner is accountable for the activities and the progress in our work regarding corporate social and environmental sustainability.

For our sustainability efforts Valcon has appointed responsible employees to develop our capabilities in various service lines and internally the focus is on reporting, offsetting, and mobility. A partner has been appointed responsible for both internal and external sustainability efforts.

Human rights and anticorruption

UNGC Principle 1, 2 and 10

Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights

Principle 2: Make sure that they are not complicit in human rights abuses

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Our code of conduct provides a set of rules that guide us with respect to human rights, social conditions, as well as the fight against corruption.

Human rights are managed together with our Code of Conduct and with our work regarding diversity. The company works from the UN principles 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 actively informs all employees that any activities relating to this matter should be reported.

During the financial year 2023, we have not registered any cases of violation of human rights or anti-corruption.

We are aware that we play an important role as company, workplace and participant in society. Not only with respect to our role as advisors in relation to critical business decisions but also with respect to important global issues and challenges that we can only solve in cooperation as a society.

Management's review

Valcon Group strives for a workplace with good work conditions and the industry's highest level of welfare among employees. Valcon therefore carries out a workplace evaluation of the physical and mental work environment as well as annual employee welfare survey/management evaluation to follow up on our employees' welfare.

At 2,28% the sick leave percentage is quite low, and with a LTIF on 0% we have not experienced any work-related injury during the year.

Education and training are important to Valcon. That is why every employee can sign up for a week of education and training per year. Some employee profiles, like new graduates, get 2-3 weeks additional education and training. In average 31 hours of education pr. employee is registered in 2023.

Valcon has not identified any risk associated with Human rights and Anti-corruption, considering the market in which we operate. Valcon also expects to operate in the same markets in the future years and hence do not expects any risks associated with Human rights and Anti-corruption going forward.

Diversity and statement on gender composition in accordance with section 99b of the Danish Financial Statements Act

The disclosed policies, key actions and results applying to the Group meets the reporting requirements of the Danish Financial Statements Act on corporate responsibility and gender composition of management. All applicants and employees are treated the same irrespective of gender, nationality, religion or any other differences.

It is vital that diversity is promoted throughout the company. This includes gender, ethnicity, and educational background, among other factors. Valcon has placed a specific focus on the gender distribution balance in the company.

Summary of gender compositions in accordance with the Danish Financial Statements Act §99b:

	2023
Top management	
Total number of members	3
Underrepresented gender in percent	0
Target in percent	33
Year for meeting target	2026
Other management	
Total number of members	10
Underrepresented gender in percent	10
Target in percent	33
Year for meeting target	2026

End of 2023, 54 women and 123 men were employed at Valcon. Over the year, Valcon increased the number of male employees with 22% and female employees increased with 12%. In connection with replacements or expansion of the board, Valcon will pay attention to attracting female members.

Hence diversity remains a focus area in 2024, and the company expects a continued improvement towards the ambition to not have more than 60% of any one gender category, whether that's men, women, or non-binary, on all seniority levels by 2025. In the consultant/specialists and senior consultants/senior specialist and manager/principal ranks, goals are met as these levels are balanced complying with the ambition. In senior ranks Valcon continuous the work towards more diversity.

Management's review

It is also the ambition that the Board should have a female member. The target has not been met in 2023, as there has not been any need or occasion to change the board.

Internally, our DEI team have conducted pilot trainings focusing on belonging, supported by the integration of the principles of DEI.

The yearly promotion process is guided by a gender specific read across policy assuring that no bias is present in promotion processes and remuneration policies in the company. The process is undertaken by a committee with participation by the Country Manager, the HR department, and the Partner responsible for people processes in the company.

Diverse recruitment programs including but not limited to securing applicants on both genders for senior positions, education for all employees in avoidance of unconscious decision making as part of the yearly training program have been pursued during 2023.

In 2023, we have maintained the different culture dimensions from 2022 other than gender including a team of employees with representatives from more than 26 countries (25 in 2022) and an equal distribution of gender among younger personnel.

Labour

Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

Principle 4: the elimination of all forms of forced and compulsory labour

Principle 5: the effective abolition of child labour

Principle 6: the elimination of discrimination in respect of employment and occupation.

Valcon's main risks relating to social and employee related topics, remain the ability to attract well-educated and qualified employees.

Valcon supports free and protected labour both internally and externally.

Our employees are the heart of our business, and Valcon strives to support them in every aspect of their development, both personal and professional. In addition to the training Valcon supports individual team members in obtaining certifications and further development in specific areas and topics of interest, ranging from data to sustainability. Every employee has a mentor who provides coaching, sparring, and assistance in development and career advancement.

Valcon has also implemented a number of policies in 2022 and 2023 to support our colleagues in all aspects of their lives, including extended parental leave, flexible work set-ups with adequate technological support, and regular social events with colleagues to support physical and mental health. The company continues this effort enforcing existing policies and continuously reviewing and implementing improvements if relevant. This includes annual training programmes conducted by internal and external trainers to all levels within the organisation

Twice a year, employees get the opportunity to exchange knowledge and insights through both in-person and virtual presentations spanning a diverse array of topics at Valcon Training Event

In addition Valcon has an extensive graduate programme for recent university graduates.

Valcon expects to maintain the current level of engagement with our employees. In future years we expect to continue working with improving our employee conditions.

Management's review

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges

Principle 8: undertake initiatives to promote greater environmental responsibility

Principle 9: encourage the development and diffusion of environmentally friendly technologies.

As a knowledge company, our direct climate footprint is relatively limited, but we nevertheless believe that caring for the environment is a natural part of running a business.

We are committed to minimizing our own environmental footprint while helping clients improve their environmental sustainability. We monitor our greenhouse gas (GHG) emissions and follow the GHG Protocol guidance and market best practices. To reflect best market practices and transparency, Valcon has employed the expertise of a specialised firm in carbon accounting practices aligned with the Greenhouse Gas Protocol (Climax) to help better the estimation of Valcon's GHG Emissions as GHG CO₂ equivalents (CO₂e).

The increase in the number of FTE in Valcon (from 149 to 177) full-time employees end of year, and a constant number of flights and transportation contributes to emissions delivering our services. International clients still require presence and delivery on site and therefore necessary for Valcon to use flights. The calculated emissions also shows that our office facilities are still powered by a mixture of fossil-fuelled energy.

Valcon has also taken some initiatives in 2023 to avoid and to reduce emissions:

The cooperation with the food supplier showcases the small but important choices we make. Veggie Wednesday and occasionally displaying the differences in the emission of specific dishes have been part of the initiatives in 2023.

In addition, the travel Agency delivers detailed CO₂ calculations to Valcon and to employees to encourage conscious choices in travelling.

Valcon has pushed for finishing the use of fossil-fuelled energy for Valcon facilities. This is already done in the Swedish offices in Gothenburg and Stockholm (Valcon AB) with a mix of wind, water and nuclear power. Unfortunately, this cannot be implemented in the Copenhagen office facilities as it requires unanimity amongst the tenants to do so, and this has not been reached in 2023.

Waste handling and the sorting of waste are currently being deployed in the office in Copenhagen – slightly delayed but according to the local guidelines.

Valcon is still committed to showing our clients and employees that we take climate change seriously. We have developed a tool to calculate emissions prior to the delivery of our services supporting the conscious choices of the delivery model – on-site, remotely or a combination.

Valcon chose to offset emissions in 2023. 570 tonnes have been offset. Valcon has supported a cookstove project in Malawi through the offsetting company Regreener.

Emissions are split over three scopes as defined by the GHG Protocol:

Scope 1: Valcon's direct emissions from sources it directly owns – such as heating in offices

Scope 2: Valcon's indirect emissions associated with the purchase of energy used in our offices

Scope 3: Valcon's indirect emissions result from activities from assets not owned or controlled by Valcon, but that directly impact our value chain. i.e. business travel

Management's review

As a professional services company, Valcon's exposure to direct climate risks is limited, and our Scope 1 and 2 emissions are limited compared to the extent of Scope 3.

The emission levels from 2023 are distributed as follows:

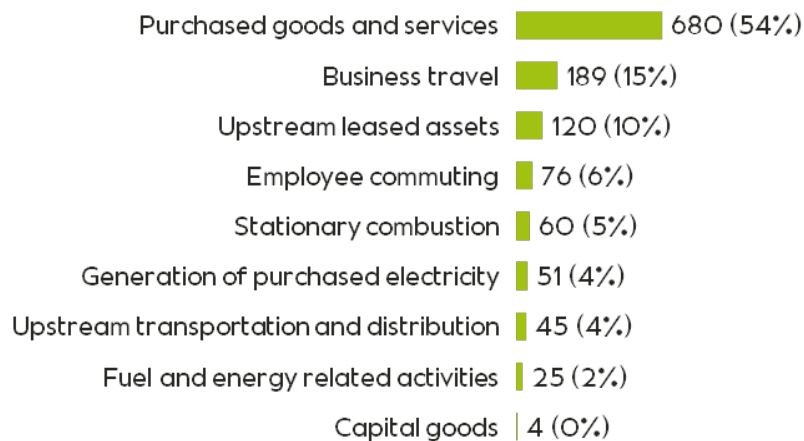
Overview of Valcon A/S GHG emissions (Ton Co2-e)

	2020	2021	2022	2023
Scope 1	1	42	60	60
Scope 2	42	51	51	51
Scope 3	529	503	1,881	1,138
Total	571	596	1,992	1,249

Change in calculations and comments to the result

The emission accounting factors have been changed in 2023, and a larger part of the calculation has been done based on *activities* instead of *spending*. The accounting principles are based on the GHG protocol using invoiced consumption multiplied with relevant emissions factors.

The result is a more precise and lower total of emissions compared to 2022. More specifically, the calculated emissions of flights, accommodation and education contribute to the reduction compared to 2022.



Purchased Goods and Services

Valcon's Scope 3 emissions are in 2023 predominantly attributed to procuring goods and services. Within this category, a significant portion—amounting to **20%** of the company's total greenhouse gas (GHG) emissions—is generated by purchased goods and services.

The primary contributors to emissions within this segment include food-related services (such as canteen operations and the provision of coffee and tea) alongside other factors like parking fees and the utilisation of IT equipment. Notably, there has been an uptick in these emissions in 2023, correlating with the increase in the company's new hires.

Measured on emissions pr. FTE the emissions equal 8 tonnes CO₂e pr. employee.

Management's review

Business travel

Business travel has been another major factor in Scope 3 emissions. In addition to the flights to clients there has been a significant number of international flights between Valcon Group offices.

How

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

- Valcon will reduce emissions by 5% per FTE/p.a. and thereby be ahead of the 70% Danish national reduction goal by 2030
- Valcon will secure employee commitment to the sustainable agenda by ensuring conscious and well-informed behaviour through information and communication.

In the following years, Valcon will focus on the following key principles:

- Further target setting: In 2024, we will focus on meticulously monitoring and improving our environmental performance and linking it to KPIs
- Resource Efficiency: Actively reducing resource consumption in our daily office operations, minimising waste generation, and ensuring responsible waste management
- Sustainable Procurement: Considering environmental factors in our purchasing decisions for products and services, supporting a sustainable supply chain
- Client-Centric Environmental Responsibility: Aligning with our clients' structured environmental efforts in our consultancy services, ensuring our operations complement their sustainability goals
- Employee Awareness: prioritising education and engagement of all Valcon employees about our environmental impact and strategies for minimisation.

Valcon will continue to embed these principles deeper into every aspect of our operations, reinforcing our commitment to environmental stewardship and sustainable business practices.

Valcon has the following initiatives planned:

- Initiate the process of alignment of Valcon's sustainability report with the CSRD, beginning with a gap analysis
- Roll out a Sustainable Procurement Policy and Supplier Code of Conduct across the group
- Yearly internal ideation workshops to keep the engagement and make use of the learnings gathered over time by all employees.

Data Ethics

Valcon complies with data legislation. Client Data is the property of the clients and Valcon handles the data with respect.

In 2023 new data ethical consideration has had to be taken due to the emerge of generative AI in our business with our clients. Hence a policy of gen AI has been installed and communicated. All employees are trained in handling, storage and usage of own and client data using the procedures we have in place at any time.

Currently the effort is considered sufficient. Management is constantly monitoring the need to protect client data and expecting to maintain the current level of engagement in data ethics.

Income statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Revenue		257,357,808	248,799,186
Other external expenses		-73,926,452	-93,976,768
Gross profit		183,431,356	154,822,418
Staff expenses	1	-165,924,769	-126,463,217
Depreciation and impairment losses of property, plant and equipment		-1,155,065	-1,107,519
Other operating expenses		-9,871	-9,587
Profit/loss before financial income and expenses		16,341,651	27,242,095
Financial income	2	346,806	539,702
Financial expenses	3	-717,680	-843,773
Profit/loss before tax		15,970,777	26,938,024
Tax on profit/loss for the year	4	-3,383,788	-5,831,444
Net profit/loss for the year	5	12,586,989	21,106,580

Balance sheet 31 December

Assets

	Note	2023	2022
		DKK	DKK
Other fixtures and fittings, tools and equipment		2,045,256	1,398,225
Leasehold improvements		17,022	474,597
Property, plant and equipment	6	2,062,278	1,872,822
Deposits	7	2,478,739	2,298,312
Fixed asset investments		2,478,739	2,298,312
Fixed assets		4,541,017	4,171,134
Trade receivables		62,839,526	57,608,751
Contract work in progress	8	2,123,449	2,809,408
Other receivables		0	10,000
Deferred tax asset	9	917,590	1,061,080
Prepayments	10	2,420,246	2,801,111
Receivables		68,300,811	64,290,350
Cash at bank and in hand		0	17,656,125
Current assets		68,300,811	81,946,475
Assets		72,841,828	86,117,609

Balance sheet 31 December

Liabilities and equity

	Note	2023	2022
		DKK	DKK
Share capital		887,850	887,850
Retained earnings		23,902,939	35,315,950
Equity		24,790,789	36,203,800
Other payables		6,044,279	6,233,643
Long-term debt	11	6,044,279	6,233,643
Credit institutions		2,230,383	0
Trade payables		6,112,553	8,435,741
Contract work in progress	8	3,425,467	2,917,965
Payables to group enterprises		575,078	799,029
Corporation tax		1,073,380	6,482,208
Other payables	11	28,589,899	25,045,223
Short-term debt		42,006,760	43,680,166
Debt		48,051,039	49,913,809
Liabilities and equity		72,841,828	86,117,609
Contingent assets, liabilities and other financial obligations	14		
Related parties	15		
Accounting Policies	16		

Statement of changes in equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	887,850	35,315,950	36,203,800
Extraordinary dividend paid	0	-24,000,000	-24,000,000
Net profit/loss for the year	0	12,586,989	12,586,989
Equity at 31 December	887,850	23,902,939	24,790,789

Cash flow statement 1 January - 31 December

	Note	2023	2022
		DKK	DKK
Result of the year		12,586,989	21,106,580
Adjustments	12	4,909,727	7,252,621
Change in working capital	13	-2,424,961	-3,216,262
Cash flow from operations before financial items		15,071,755	25,142,939
Financial income		346,806	539,702
Financial expenses		-717,680	-843,773
Cash flows from ordinary activities		14,700,881	24,838,868
Corporation tax paid		-8,649,126	-3,616,108
Cash flows from operating activities		6,051,755	21,222,760
Purchase of property, plant and equipment		-1,344,521	-1,678,982
Fixed asset investments made etc		-180,427	0
Cash flows from investing activities		-1,524,948	-1,678,982
Repayment of payables to group enterprises		-223,951	0
Repayment of other long-term debt		-189,364	0
Dividend paid		-24,000,000	-15,000,000
Cash flows from financing activities		-24,413,315	-15,000,000
Change in cash and cash equivalents		-19,886,508	4,543,778
Cash and cash equivalents at 1 January		17,656,125	13,112,347
Cash and cash equivalents at 31 December		-2,230,383	17,656,125
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		0	17,656,125
Overdraft facility		-2,230,383	0
Cash and cash equivalents at 31 December		-2,230,383	17,656,125

Notes to the Financial Statements

	2023	2022
	DKK	DKK
1. Staff Expenses		
Wages and salaries	164,814,751	124,495,495
Other social security expenses	1,110,018	1,967,722
	<u>165,924,769</u>	<u>126,463,217</u>
Including remuneration to the Executive Board:		
Executive board	5,690,775	4,731,000
	<u>5,690,775</u>	<u>4,731,000</u>
Average number of employees	<u>158</u>	<u>117</u>
	2023	2022
	DKK	DKK
2. Financial income		
Other financial income	346,806	539,702
	<u>346,806</u>	<u>539,702</u>
	2023	2022
	DKK	DKK
3. Financial expenses		
Other financial expenses	334,132	378,584
Exchange adjustments, expenses	383,548	465,189
	<u>717,680</u>	<u>843,773</u>
	2023	2022
	DKK	DKK
4. Income tax expense		
Current tax for the year	3,240,298	5,898,142
Deferred tax for the year	241,123	-66,698
Adjustment of deferred tax concerning previous years	-97,633	0
	<u>3,383,788</u>	<u>5,831,444</u>

Notes to the Financial Statements

	2023	2022
	DKK	DKK
5. Profit allocation		
Extraordinary dividend paid	24,000,000	15,000,000
Retained earnings	-11,413,011	6,106,580
	<u>12,586,989</u>	<u>21,106,580</u>
6. Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	Leasehold improvements
	DKK	DKK
Cost at 1. January	1,587,062	4,437,842
Additions for the year	1,437,096	0
Disposals for the year	-90,432	0
Cost at 31. December	<u>2,933,726</u>	<u>4,437,842</u>
Impairment losses and depreciation at 1. January	188,837	3,963,245
Depreciation for the year	707,361	457,575
Reversal of impairment and depreciation of sold assets	-7,728	0
Impairment losses and depreciation at 31. December	<u>888,470</u>	<u>4,420,820</u>
Carrying amount at 31. December	<u>2,045,256</u>	<u>17,022</u>
Amortised over	<u>3 years</u>	<u>3-5 years</u>
7. Other fixed asset investments		
		Deposits
		DKK
Cost at 1. January		2,298,312
Additions for the year		180,427
Cost at 31. December		<u>2,478,739</u>
Carrying amount at 31. December		<u>2,478,739</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
8. Contract work in progress		
Selling price of work in progress	2,123,449	2,809,408
Payments received on account	<u>-3,425,467</u>	<u>-2,917,965</u>
	-1,302,018	-108,557
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	2,123,449	2,809,408
Prepayments received recognised in debt	<u>-3,425,467</u>	<u>-2,917,965</u>
	-1,302,018	-108,557
	<u>2023</u>	<u>2022</u>
	DKK	DKK
9. Deferred tax asset		
Deferred tax asset at 1 January	1,061,080	994,382
Changes in deferred tax	<u>-143,490</u>	<u>66,698</u>
Deferred tax asset at 31 December	917,590	1,061,080

10. Prepayments

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

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
11. Long-term debt		
Payments due within 1 year are recognised in short-term debt. Other debt is recognised in long-term debt.		
The debt falls due for payment as specified below:		
Other payables		
After 5 years	0	0
Between 1 and 5 years	6,044,279	6,233,643
Long-term part	6,044,279	6,233,643
Other short-term payables	28,589,899	25,045,223
	<u>34,634,178</u>	<u>31,278,866</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
12. Cash flow statement - Adjustments		
Financial income	-346,806	-539,702
Financial expenses	717,680	843,773
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,155,065	1,117,106
Tax on profit/loss for the year	3,383,788	5,831,444
	<u>4,909,727</u>	<u>7,252,621</u>
	<u>2023</u>	<u>2022</u>
	DKK	DKK
13. Cash flow statement - Change in working capital		
Change in receivables	-4,153,951	-15,839,742
Change in trade payables, etc	1,728,990	12,623,480
	<u>-2,424,961</u>	<u>-3,216,262</u>

Notes to the Financial Statements

	<u>2023</u>	<u>2022</u>
	DKK	DKK
14. Contingent assets, liabilities and other financial obligations		
Rental and lease obligations		
Lease obligations under operating leases. Total future lease payments:		
Within 1 year	<u>2,804,316</u>	<u>2,584,030</u>
	<u>2,804,316</u>	<u>2,584,030</u>

15. 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

16. Accounting policies

The Annual Report of Valcon A/S for 2023 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The accounting policies applied remain unchanged from last year.

The Financial Statements for 2023 are presented in DKK.

Recognition and measurement

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.

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.

Notes to the Financial Statements

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.

Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of property, plant and equipment.

Financial income and expenses

Financial income and expenses 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.

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 years
Leasehold improvements	3-5 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.

Other fixed asset investments

Other fixed asset investments consist of deposits.

Notes to the Financial Statements

Receivables

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

Contract work in progress

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

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

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

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

Prepayments

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

Equity

Dividend

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

Deferred tax assets and liabilities

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

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

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

Current tax receivables and liabilities

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

Financial liabilities

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

Notes to the Financial Statements

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

Cash Flow Statement

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

Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

Cash and cash equivalents

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

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

Financial Highlights

Explanation of financial ratios

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