
Valcon A/S

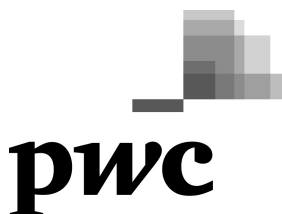
Meldahlsgade 5, 2., DK-1613 København V

Annual Report for 1 January - 31 December 2022

CVR No 25 25 40 90

The Annual Report was
presented and adopted at
the Annual General
Meeting of the Company on
27/3 2023

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 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 at 31 December 2022 of the Company and of the results of the Company operations and cash flows for 2022.

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

Copenhagen, 27 March 2023

Executive Board

Stig Jessen

Michael Hjortlund

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 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022 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 2022, 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 Financials 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, 27 March 2023

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab

CVR No 33 77 12 31

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 January - 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 January - 31 December 2022 TDKK	1 July - 31 December 2021 TDKK	2020/21 TDKK	2019/20 TDKK	2018/19 TDKK
Key figures					
Profit/loss					
Revenue	248,799	90,418	226,008	257,262	264,498
Gross profit/loss	154,822	52,444	159,138	185,957	165,784
Operating profit/loss	27,252	3,230	32,438	41,687	11,953
Net financials	-304	-271	-242	-305	2,605
Net profit/loss for the year	21,107	2,297	25,215	30,833	12,542
Balance sheet					
Balance sheet total	86,118	65,222	113,310	136,339	102,210
Equity	36,204	30,097	59,821	67,171	48,870
Number of employees	117	109	109	132	146
Ratios					
Gross margin	62.2%	58.0%	70.4%	72.3%	62.7%
Profit margin	10.9%	3.6%	14.4%	16.2%	4.5%
Return on invested capital	31.6%	5.0%	28.6%	30.6%	11.7%
Solvency ratio	42.0%	46.1%	52.8%	49.3%	47.8%
Return on equity	63.7%	5.1%	39.7%	53.1%	21.4%

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 subsidiary of Valcon Holding B.V. with activities across Europe. Valcon is an advisory business delivering consulting services to European clients. During 2022 the group has grown considerably to more than 1,700 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 248,799 Valcon A/S has had a revenue growth of 38% pct in 2022 (compared to 2021 tDKK full year extrapolation). 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 established offices in Aarhus and Lund enabling us to help clients in Jylland and Southern Sweden.

The Company's knowledge resources

The Valcon team is the critical element of our business. During 2022 we have had a solid uptake of employees with a net growth of +40% The growth have been aided through efficient recruitment as well as high retention in our team. We aspire to offer a 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 2023. Our strengthened position in Scandinavia leads us to expect 5-15% organic growth in revenue, profitability and team size.

Statement of corporate social responsibility

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 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.

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 2022.

Valcon joined the UN Global Compact (UNGC) in December 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, while the official COP will be submitted in June to the organisation.

In 2022, Valcon was assessed by Ecovadis, who evaluated the status of our supply chain's compliance within ESG topics across four main themes: environment, labour and human rights, ethics, and sustainable procurement. For FY22, we obtained the EcoVadis Bronze medal, which we aim to continue to improve by e.g. developing sustainable procurement and setting specific targets regarding supply chain performance.

Governance

In 2022, Valcon has written a new code of conduct 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 will also hold regular surveys on the topic which will be 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, in 2022, 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 handled 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 2022, 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 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.

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.

Valcon Nordics conducted in 2022 the APV (arbejdspilsvurdering) across Denmark and Sweden. 140 employees were invited to answer, of which 95 employees replied.

On the question "All in all, how satisfied are you with your job?"

- Very satisfied 24%
- Satisfied 52%
- Neutral 18%
- Unsatisfied 4%
- Very unsatisfied 2%

Across the Valcon Group an Integrity survey has been conducted. In Valcon Nordics, 188 employees were invited to answer the integrity survey of 61 questions. The questionnaire was filled in by 95 employees in total, of which 92% completed the total questionnaire.

Key results from the Nordics integrity survey 2022

- 98% of the respondents feel like they can be themselves at Valcon (in terms of not feeling restraint to share opinions, or in terms of cultural background or political, religious or sexual preferences).
- 95% of the respondents consider Valcon as an organization with a safe internal working environment, where they are treated with respect by their colleagues and management.
- 86% of the respondents consider Valcon as an organization with a safe external working environment, where they are treated with respect by their clients.

As a result of the integrity survey, communications about the Valcon group Code of Conduct has been more frequent and more clear policies and a whistleblower structure is to be developed.

In Valcon Nordics, sick leaves are quite low at around 1,75% in Denmark and 1,25% in Sweden. The reason is primarily flexible work hours and location, enabling employees to take time off when sick, but also to work from home and on hours that are most suitable for them.

In Valcon Nordics we are fortunate to not to experience any work-related injury, hence the LTIF is 0%.

Education and training is important to Valcon, that is why every employee gets a minimum of 5 days of education and training per year. Some employee profiles, like new graduates, get 2-3 weeks additional education and training.

Valcon Nordic has not identified any risk associated with Human rights and Anti-corruption during the year.

Diversity and statement on gender composition

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 (§99a and §99b).

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.

End of 2022, were 48 women and 101 men employed at Valcon. Over the year, Valcon A/S increased the number of male and female employees with almost the same percentages, (male increase 38% and female increase 33%), however focus is continuing to be on ensuring more diversity. Especially in other management levels (manager, senior manager, associate partner and partner) gender equality has not been met.

Valcon A/S board consists of three members, and there are currently no female members. In connection with replacements or expansion of the board, Valcon will pay attention to attracting female members.

Hence diversity remains a focus area in 2023, 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. It is also the ambition that the Board should have a female member. The target has not been met in 2022 since there has not been any changes to the composition of the board.

To help build gender equality, the company has put in motion several policies including but not limited to a female mentorship program and equity, diversity, and inclusion (EDI) trainings. The female mentorship program pairs female students with accomplished female consultants to give insight and tips from the perspective of women in consulting. The program runs four events across the year with one-to-ones between mentor/mentee in between the events. The events focus on topics such as case solving, differences between industry and consulting, and challenges and bias women have faced. Internally, our EDI team have conducted pilot trainings focusing on belonging, supported by the integration of the principles of EDI.

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 2022.

In 2022, we have seen strong progress on different culture dimensions other than gender including a team of employees with representatives from more than 25 countries 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 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. Valcon Nordic conducts two formal training weeks every year, in which courses are offered across a wide range of topics. Additionally, 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 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.

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.

Targets

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.

The emission levels from 2022 are distributed as follows:

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

- Scope 1 - 2022: 60 | 2021: 42 | 2020*: 1
- Scope 2 - 2022: 51 | 2021: 51 | 2020*: 42
- Scope 3 - 2022: 1,881 | 2021: 503 | 2020*: 529
- Total - 2022: 1,992 | 2021: 596 | 2020*: 571

*2020 includes Valcon AB emissions.

The overall footprint has following changes compared to 2021. The main contributor to the increase in emission in Scope 3 is a change and improvement of the accounting of methods of accounting.

The Carbon emission has been accounted by Climax and includes transportation and commuting, which were not included in previous years. A part from this all spend has been analyzed and emissions accounted.

The increase in the number of FTE in Valcon (from 110 to more than 149) full time employees end of year, and an increase in post covid-19 flights and transportation also contributes to the significantly increased emissions to be part of Valcon's off setting in spring 2023.

The new hires and a necessary change and updates of IT equipment have additionally contributed with a larger increase in emission and lastly, emission from food (canteens) has increased.

Measured on emissions pr. FTE the emissions equal 2 tonnes CO₂e pr. employee which is very low compared to competitors in the market.

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 be carbon neutral by financial year 2021/2022 through offsetting. Offsetting of the 2022 emission will be done in coordination with other members of the Valcon Group according to the Oxford principles as Valcon did in 2021 by offsetting through Climate Neutral group in two project in a reforestation project in Tanzania and The Maísa Forest conservation project in Brazil.
- Valcon will secure employee commitment to the sustainable agenda by ensuring conscious and well-informed behaviour through information and communication.

How

As an example, the food supplier and the travel Agency delivers detailed CO₂ calculations to Valcon to facilitate possible change in behaviours.

Valcon is committed to finish the use of fossil fueled energy for Valcon facilities. Some parts of the Valcon Group have already achieved this, and have a mix of wind, water and nuclear power. This inspires to do the same in current consumption has been analyzed in corporation with the landlord and minor energy reductions initiatives taken to contribute to bring down footprint.

Waste handling is expected to be deployed in 2023 in the office in Copenhagen when local authorities and the landlord has established the necessary handling systems for all tenants.

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.

More initiatives will be taken in 2023 coordinated across the Valcon Group.

Data Ethics

As Valcon consultants we are good at analysis and solving problems for our clients. Principles for handling data are described in the Code of Conduct including:

We deliver high-quality solutions to our clients that work. We respect and safeguard the (sensitive) data of our organization and entrusted on us by them. We are aware of the issues around privacy and security and actively work on measures to solidify our processes and handling, like GDPR. This also means we should take care of the items we use to do our work to share and store data, like our laptop and mobile phone. And we should take good care of how we share information with each other and our clients. Specifically for social media, we should be aware that we are often.

In case of a (suspected) breach, we take immediate and appropriate actions to mitigate and resolve the risks by involving the designated Data Security Officer.

Over the years we have built an impressive library of client solutions and offerings. This information is very valuable to us and our clients. We expect everyone to respect the intellectual property of Valcon, our clients and of third parties. Accordingly, we expect third parties, clients and our employees to respect our intellectual property rights and other company property. This also means that before you share anything, you should always be aware of the content of what you are sharing – and never share without prior consent of the data owner. For more information on the various controls Valcon has in place to protect our clients' data and our own information and data, please check appropriate IT security”.

Subsequent events

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

Income Statement

		1 January 2022 - 31 December 2022 DKK	1 July 2021 - 31 December 2021 DKK
	Note		
Revenue		248,799,186	90,418,074
Other external expenses		-93,976,768	-37,974,012
Gross profit/loss		154,822,418	52,444,062
Staff expenses	1	-126,463,217	-48,749,859
Depreciation, amortisation and impairment of intangible assets and property, plant and equipment		-1,107,519	-463,848
Other operating expenses		-9,587	0
Profit/loss before financial income and expenses		27,242,095	3,230,355
Financial income	2	539,702	189,184
Financial expenses	3	-843,773	-460,382
Profit/loss before tax		26,938,024	2,959,157
Tax on profit/loss for the year	4	-5,831,444	-662,470
Net profit/loss for the year		21,106,580	2,296,687

Balance Sheet

Assets

	Note	31 December 2022 DKK	31 December 2021 DKK
Other fixtures and fittings, tools and equipment		1,398,225	0
Leasehold improvements		474,597	1,387,233
Property, plant and equipment	5	1,872,822	1,387,233
Investments in subsidiaries	6	0	0
Deposits	7	2,298,312	2,095,541
Fixed asset investments		2,298,312	2,095,541
Fixed assets		4,171,134	3,482,774
Trade receivables		57,608,751	43,739,879
Contract work in progress	8	2,809,408	2,095,997
Receivables from group enterprises		0	40,177
Other receivables		10,000	202,747
Deferred tax asset	11	1,061,080	994,382
Prepayments	9	2,801,111	1,553,676
Receivables		64,290,350	48,626,858
Cash at bank and in hand		17,656,125	13,112,347
Currents assets		81,946,475	61,739,205
Assets		86,117,609	65,221,979

Balance Sheet

Liabilities and equity

	Note	31 December 2022 DKK	31 December 2021 DKK
Share capital		887,850	887,850
Retained earnings		35,315,950	29,209,370
Equity		36,203,800	30,097,220
Other payables		6,233,643	8,173,987
Long-term debt	12	6,233,643	8,173,987
Trade payables		8,435,741	5,973,987
Contract work in progress, liabilities	8	2,917,965	4,305,961
Payables to group enterprises		799,029	0
Corporation tax		6,482,208	4,356,815
Other payables	12	25,045,223	12,314,009
Short-term debt		43,680,166	26,950,772
Debt		49,913,809	35,124,759
Liabilities and equity		86,117,609	65,221,979
Distribution of profit	10		
Contingent assets, liabilities and other financial obligations	15		
Related parties	16		
Accounting Policies	17		

Statement of Changes in Equity

	Share capital	Retained earnings	Total
	DKK	DKK	DKK
Equity at 1 January	887,850	29,209,370	30,097,220
Extraordinary dividend paid	0	-15,000,000	-15,000,000
Net profit/loss for the year	0	21,106,580	21,106,580
Equity at 31 December	887,850	35,315,950	36,203,800

Cash Flow Statement

	Note	1 January 2022 - 31 December 2022 DKK	1 July 2021 - 31 December 2021 DKK
Net profit/loss for the year		21,106,580	2,296,687
Adjustments	13	7,252,621	1,397,516
Change in working capital	14	-3,216,262	-4,635,225
Cash flows from operating activities before financial income and expenses		25,142,939	-941,022
Financial income		539,702	189,184
Financial expenses		-843,773	-460,382
Cash flows from ordinary activities		24,838,868	-1,212,220
Corporation tax paid		-3,616,108	-3,660,000
Cash flows from operating activities		21,222,760	-4,872,220
Purchase of property, plant and equipment		-1,678,982	-55,719
Cash flows from investing activities		-1,678,982	-55,719
Dividend paid		-15,000,000	-27,100,000
Cash flows from financing activities		-15,000,000	-27,100,000
Change in cash and cash equivalents		4,543,778	-32,027,939
Cash and cash equivalents at 1 January		13,112,347	45,140,286
Cash and cash equivalents at 31 December		17,656,125	13,112,347
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		17,656,125	13,112,347
Cash and cash equivalents at 31 December		17,656,125	13,112,347

Notes to the Financial Statements

	1 January 2022 - 31 December 2022 DKK	1 July 2021 - 31 December 2021 DKK
1 Staff expenses		
Wages and salaries	125,479,356	48,413,354
Other social security expenses	983,861	336,505
	126,463,217	48,749,859
Including remuneration to the Executive Board of: Executive Board	4,731,000	2,616,000
	4,731,000	2,616,000
Average number of employees	117	100
2 Financial income		
Other financial income	539,702	189,184
	539,702	189,184
3 Financial expenses		
Other financial expenses	378,584	239,251
Exchange adjustments, expenses	465,189	221,131
	843,773	460,382
4 Tax on profit/loss for the year		
Current tax for the year	5,898,142	539,060
Deferred tax for the year	-66,698	235,885
Adjustment of deferred tax concerning previous years	0	-112,475
	5,831,444	662,470

Notes to the Financial Statements

5 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK	Leasehold improvements DKK
Cost at 1 January	0	4,437,842
Additions for the year	1,687,014	0
Disposals for the year	-99,952	0
Cost at 31 December	1,587,062	4,437,842
Impairment losses and depreciation at 1 January	0	3,050,609
Depreciation for the year	194,883	912,636
Reversal of impairment and depreciation of sold assets	-6,046	0
Impairment losses and depreciation at 31 December	188,837	3,963,245
Carrying amount at 31 December	1,398,225	474,597
Depreciated over	3 years	3-5 years

6 Investments in subsidiaries

	31 December 2022 DKK	31 December 2021 DKK
Cost at 1 January	0	2,425,835
Disposals for the year	0	-2,425,835
Cost at 31 December	0	0
Value adjustments at 1 January	0	2,494,217
Disposals for the year	0	-2,494,217
Value adjustments at 31 December	0	0
Carrying amount at 31 December	0	0

Notes to the Financial Statements

7 Other fixed asset investments

	Deposits DKK
Cost at 1 January	2,095,541
Additions for the year	202,771
Cost at 31 December	2,298,312
Carrying amount at 31 December	2,298,312

8 Contract work in progress

	31 December 2022 DKK	31 December 2021 DKK
Selling price of work in progress	2,809,408	2,095,997
Payments received on account	-2,917,965	-4,305,961
	-108,557	-2,209,964
Recognised in the balance sheet as follows:		
Contract work in progress recognised in assets	2,809,408	2,095,997
Prepayments received recognised in debt	-2,917,965	-4,305,961
	-108,557	-2,209,964

9 Prepayments

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

10 Distribution of profit

Extraordinary dividend paid	15,000,000	32,020,052
Retained earnings	6,106,580	-29,723,365
	21,106,580	2,296,687

Notes to the Financial Statements

	31 December 2022 DKK	31 December 2021 DKK
11 Deferred tax asset		
Deferred tax asset at 1 January	994,382	1,117,792
Changes in deferred tax	66,698	-235,885
Changes in deferred tax previous years	0	112,475
Deferred tax asset at 31 December	1,061,080	994,382

The recognised deferred tax asset comprises temporary differences relating to property, plant and equipment, and is expected to be utilised within a short timeframe.

12 Long-term debt

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

The debt falls due for payment as specified below:

Other payables

Between 1 and 5 years	6,233,643	8,173,987
Long-term part	6,233,643	8,173,987
Other short-term payables	25,045,223	12,314,009
	31,278,866	20,487,996

13 Cash flow statement - adjustments

Financial income	-539,702	-189,184
Financial expenses	843,773	460,382
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,117,106	463,848
Tax on profit/loss for the year	5,831,444	662,470
	7,252,621	1,397,516

Notes to the Financial Statements

	1 January 2022 - 31 December 2022 DKK	1 July 2021 - 31 December 2021 DKK
14 Cash flow statement - change in working capital		
Change in receivables	-15,839,742	10,608,481
Change in trade payables, etc	12,623,480	-15,243,706
	-3,216,262	-4,635,225

15 Contingent assets, liabilities and other financial obligations

Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	2,584,030	6,591,057
Between 1 and 5 years	0	3,437,885
After 5 years	0	61,000
	2,584,030	10,089,942

16 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.

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

17 Accounting Policies

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

The accounting policies applied remain unchanged from last year.

The 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

17 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.

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 intangible assets and 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.

Notes to the Financial Statements

17 Accounting Policies (continued)

Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

Balance Sheet

Property, plant and equipment

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

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

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

17 Accounting Policies (continued)

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

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.

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.

Notes to the Financial Statements

17 Accounting Policies (continued)

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	$\frac{\text{Net profit for the year} \times 100}{\text{Average equity}}$