

SCADA International A/S

A.C. Illums Vej 4A
DK-8600 Silkeborg

CVR no. 29 52 64 43

Annual report 2023

The annual report was presented and approved at
the Company's annual general meeting on

21 March 2024

Christina Aagaard Kjeldsen
Chairperson of the annual general meeting

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Statement by the Board of Directors and the Executive Board

The Board of Directors and the Executive Board have today discussed and approved the annual report of SCADA International A/S for the financial year 1 January – 31 December 2023.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023.

Further, in our opinion, the Management's review gives a fair review of the development in the Company's activities and financial matters, of the results for the year and of the Company's financial position.

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

Silkeborg 21 March 2024
Executive Board:

Allan Baadsgaard Mønsted

Thomas Vanting Bagger

Board of Directors:

Mats Åke Lundgren
Chairman

Allan Baadsgaard Mønsted

Thomas Vanting Bagger

Alfonso Luis Caro Vazquez

Ian Martin Lloyd Jones

Independent auditor's report

To the shareholder of SCADA International A/S

Opinion

We have audited the financial statements of SCADA International A/S for the financial year 1 January – 31 December 2023 comprising income statement, balance sheet, statement of changes in equity and notes, including accounting policies. The financial statements are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the financial statements give a true and fair view of the Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We 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.

Management's responsibility 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 that Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance as to whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements in Denmark will always detect a material misstatement when it exists. Misstatements may 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 financial statement users made 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 company financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis 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.

Independent auditor's report

- 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.

Statement on the Management's review

Management is responsible for the Management's review.

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

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

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

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

Aarhus, 21 March 2024

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

Mikkel Trabjerg Knudsen
State Authorised
Public Accountant
mne34459

Niklas R. Filipsen
State Authorised
Public Accountant
mne47781

SCADA International A/S
Annual report 2023
CVR no. 29 52 64 43

Management's review

Company details

SCADA International A/S
A.C. Illums Vej 4A
DK-8600 Silkeborg

Telephone: +45 96419200
Website: www.scada-international.com
E-mail: scada@scada-international.com

CVR no.: 29 52 64 43
Established: 3 May 2006
Registered office: Silkeborg
Financial year: 1 January – 31 December

Board of Directors

Mats Åke Lundgren, Chairman
Allan Baadsgaard Mønsted
Thomas Vanting Bagger
Alfonso Luis Caro Vazquez
Ian Martin Lloyd Jones

Executive Board

Allan Baadsgaard Mønsted
Thomas Vanting Bagger

Auditor

KPMG
Statsautoriseret Revisionspartnerselskab
Frederiks Plads 42
DK-8000 Aarhus C
CVR no. 25 57 81 98

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Gross profit	83,816	52,736	45,874	35,648	45,291
EBITDA	45,029	17,469	14,385	4,641	11,699
Operating profit/loss	38,422	10,509	7,904	-691	7,888
Net financials	-7,171	-4,229	-1,014	-753	-1,412
Profit for the year	24,816	4,893	5,324	-1,133	5,019
Balance sheet					
Total assets	193,382	146,341	88,580	66,691	76,617
Equity	55,173	29,820	25,630	20,306	21,439
Investments in property, plant and equipment	0	1,037	513	508	237
Ratios					
Return on assets	22.6%	8.9%	10.2%	-1.0%	9.2%
Current ratio	167.3%	110.4%	116.0%	107.5%	113.5%
Return on equity	58.4%	17.6%	23.2%	-5.4%	26.5%
Equity ratio	28.5%	20.4%	28.9%	30.4%	28.0%
Employees					
Average number of full- time employees	48	47	43	43	46

The financial ratios have been calculated as follows:

Return on assets $\frac{\text{Operating profit/loss} \times 100}{\text{Average invested capital}}$

Current ratio $\frac{\text{Current assets} \times 100}{\text{Current liabilities}}$

Return on equity $\frac{\text{Profit/loss from ordinary activities after tax} \times 100}{\text{Average equity}}$

Equity ratio $\frac{\text{Equity} \times 100}{\text{Total equity and liabilities at year-end}}$

Management's review

Operating review

Principal activities

The Company's activities are international and span the full value chain for SCADA (Supervisory control and data acquisition) for renewable energy companies, i.e. Hardware Solutions, Software Solutions, Installation and Commissioning, Consulting and Value Adding Services. The Company is part of a group, which is present in Germany, Great Britain, Poland, USA, Spain and Denmark.

Development in activities and financial position

The Company's income statement for 2023 shows a profit of DKK 24,816 thousand as against DKK 4,893 thousand in 2022. Equity in the Company's balance sheet at 31 December 2023 stood at DKK 55,173 thousand as against DKK 29,820 thousand at 31 December 2022.

In the 2022 annual report, a projected increase in gross profit of 15-25 % was included in the Management's review. The Company reached an increase of gross profit of 59 %, which exceeds the expectations set forth in the annual report for 2022.

The Company's activities enjoyed significant growth during the year, especially within Hardware and Software Solutions. The order intake for both Hardware and Software Solutions has showed a significant increase compared to previous year. Results for the year were positively affected by the high level of activity and general efficiency improvements. Overall, results for the year were up on budget, and Management considers results satisfactory.

Outlook

The outlook for 2024 is continued growth in both the Hardware business and especially in the Software business. All in all, 2024 gross profit is expected to grow by 15-25% compared to 2023. EBITDA is expected to follow on the basis of the economies of scale with, more efficient ways of working and growth in software revenue. On this basis, the Company project an increase in profit for the year of 15-25% compared to 2023.

Financial instruments

The Company is affected by currency developments, especially in USD. The Company hedges when making large purchases in USD. The Company does not engage in any currency speculation. The general renewable energy investment climate has a significant impact on the Company's activities.

Impact on the external environment

The SCADA Group is constantly striving to reduce its environmental impact resulting from its operations and is certified in accordance with ISO 45001 in addition to this, the group in which the Company belongs, will shortly issue the first ESG-report.

Research and development activities

During 2023, new functionalities and added value in the OneView software suite were added to improve business opportunities, customer satisfaction and to fit new customer segments. Development of software for Balancing Power Responsible Traders has progressed as planned.

Intellectual capital

The Company possesses very large technical and application knowledge within its business areas.

Management's review

Operating review

Knowledge and know-how have been accumulated over many years. Furthermore, the background, education, and experience of the employees are essential to the intellectual capital of the Company. The right combination of education and expertise within the employee group is therefore critical.

Financial statements 1 January – 31 December

Income statement

DKK'000	Note	2023	2022
Gross profit		83,816	52,736
Staff costs	2	-38,787	-35,267
Depreciation and amortisation		-6,607	-6,960
Profit before financial income and expenses		38,422	10,509
Financial income	3	0	202
Financial expenses	4	-7,171	-4,431
Profit before tax		31,251	6,280
Tax on profit for the year		-6,435	-1,387
Profit for the year	5	24,816	4,893

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
ASSETS			
Fixed assets			
Intangible assets	6		
Completed development projects		20,263	17,283
Development projects in progress		11,327	5,331
		<u>31,590</u>	<u>22,614</u>
Property, plant and equipment	7		
Land and buildings		2,342	2,756
Fixtures and fittings, tools and equipment		942	1,627
		<u>3,284</u>	<u>4,383</u>
Total fixed assets		<u>34,874</u>	<u>26,997</u>
Current assets			
Inventories			
Raw materials and consumables		12,669	27,219
Finished goods and goods for resale		1,175	6,622
		<u>13,844</u>	<u>33,841</u>
Receivables			
Trade receivables		36,155	33,947
Receivables from group entities		45,484	11,604
Contract work in progress	8	32,336	39,081
Other receivables		1,239	246
Prepayments	9	579	610
		<u>115,793</u>	<u>85,488</u>
Cash		<u>28,871</u>	<u>15</u>
Total current assets		<u>158,508</u>	<u>119,344</u>
TOTAL ASSETS		<u><u>193,382</u></u>	<u><u>146,341</u></u>

Financial statements 1 January – 31 December

Balance sheet

DKK'000	Note	31/12 2023	31/12 2022
EQUITY AND LIABILITIES			
Equity			
Contributed capital		500	500
Reserve for development costs		24,640	17,639
Retained earnings		30,199	12,384
Reserve for hedging		-166	-703
Total equity		55,173	29,820
Provisions			
Deferred tax	10	14,283	7,697
Total provisions		14,283	7,697
Liabilities other than provisions			
Non-current liabilities other than provisions			
Banks		28,856	0
Lease liabilities		311	726
		29,167	726
Current liabilities other than provisions			
Current portion of non-current liabilities		264	265
Banks		11,449	25,717
Other credit institutions		10,724	0
Trade payables		23,811	49,235
Payables to group entities		30,391	20,603
Other payables	11	7,802	6,068
Deferred income	12	2,415	966
Contract work in progress	8	7,903	5,244
		94,759	108,098
Total liabilities other than provisions		123,926	108,824
TOTAL EQUITY AND LIABILITIES		193,382	146,341
Currency and interest rate risks and the use of derivative financial instruments			
	11		
Contractual obligations, contingencies, etc.	13		
Collateral	14		
Related party disclosures	15		

Financial statements 1 January – 31 December

Statement of changes in equity

DKK'000	Contributed capital	Reserve for development costs	Retained earnings	Reserve for hedging	Total
Equity at 1 January 2023	500	17,639	12,384	-703	29,820
Transfer, reserve for development costs	0	7,001	-7,001	0	0
Transferred over the profit appropriation	0	0	24,816	0	24,816
Fair value adjustment of derivative financial instruments	0	0	0	537	537
Equity at 31 December 2023	500	24,640	30,199	-166	55,173

Financial statements 1 January – 31 December

Notes

1 Accounting policies

The annual report of SCADA International A/S for 2023 has been prepared in accordance with the provisions applying to reporting class C medium-sized entities under the Danish Financial Statements Act.

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

Omission of cash flow statement

Pursuant to section 86(4) of the Danish Financial Statements Act, no cash flow statement has been prepared. The Company's cash flows are included in the cash flow statement in the consolidated financial statements of Scorpio HoldCo A/S.

Change in comparative figures

With reference to the true and fair view laid down in the Danish Financial Statements Act, the Company has made some reclassifications to individual items in the income statement and balance sheet. The reclassifications have no impact on results before tax, results for the year or equity. Comparative figures have been restated accordingly.

Foreign currency translation

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

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

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised in the balance sheet at cost and subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are recognised as other receivables and other payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future transactions are recognised as other receivables or other payables and in equity until the realisation of the hedged transactions. If the future transaction results in the recognition of assets or liabilities, amounts that were previously recognised in equity are transferred to the cost of the asset or liability. If the future transaction results in income or costs, amounts that were previously recognised in equity are transferred to the income statement for the period when the hedged item affects the income statement.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Income statement

Gross profit

Pursuant to section 32 of the Danish Financial Statements Act, the Company has decided only to disclose gross profit.

Revenue

The Company has chosen IAS 11 as interpretation for recognition of revenue. Income from contract work in progress involving a high degree of customisation is recognised as revenue by reference to the stage of completion. Accordingly, revenue corresponds to the market value of the contract work performed during the year (percentage-of-completion method). This method is used where the total income and expenses and the degree of completion of the contract can be measured reliably.

A contract is broken down by individual transactions when the fair value of the individual sales transactions may be reliably measured, and the individual sales transactions are of separate value to the buyer. Sales transactions are deemed to be of a separate value to the buyer when the transaction is individually identifiable and usually sold individually. The contract price is broken down by the individual sales transactions in accordance with the relative current cost approach. The separate sales transactions are recognised as revenue when complying with the criteria applying to the sale of goods and services.

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

Revenue from the sale of services is recognised on a straight-line basis in the income statement as the services are provided. Services based on time spent are recognised in revenue as the work is performed.

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

Cost of sales

Cost of sales comprises costs incurred to generate revenue for the year. This item also comprises direct costs for goods for resale and changes to inventory of goods for resale.

Other external costs

Other external costs comprise distribution costs and costs related to sales, sales campaigns, administration, office premises, operating leases, etc.

Staff costs

Staff costs comprise wages and salaries, including holiday allowance, pension and other social security costs, etc., to the Company's employees, excluding reimbursements from public authorities.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Financial income and expenses

Financial income and expenses comprise interest income and expense, receivables, payables and transactions denominated in foreign currencies and refunds under the on-account tax scheme, etc.

Tax on profit for the year

The Company is subject to the Danish rules on compulsory joint taxation of the Danish Group.

Scorpio HoldCo A/S is the administrative company for the joint taxation and accordingly settles all payments of corporation tax to the tax authorities.

Tax for the year comprises current corporation tax for the year and changes in deferred tax, including changes in tax rates. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to amounts directly recognised in equity is recognised directly in equity.

Intangible assets

Development projects

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

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

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

Upon completion of development work, development costs are amortised on a straight-line basis over the estimated useful lives. The amortisation period is usually 5 years.

Property, plant and equipment

Land and buildings and fixtures and fittings, tools and equipment are measured at cost less accumulated depreciation and impairment losses.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date on which the asset is available for use. Indirect production overheads and borrowing costs are not recognised in cost.

Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

The basis of depreciation is cost less any projected residual value after the end of the useful life. Depreciation is provided on a straight-line basis over the estimated useful life. The estimated useful lives are as follows:

Buildings	6-25 years
Fixtures and fittings, tools and equipment	3-5 years

The useful life and residual value are reassessed annually. Changes are treated as accounting estimates, and the effect on depreciation is recognised prospectively.

Land is not depreciated.

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

Leases

The Company has chosen IAS 17 as interpretation for recognition and measurement of leases. On initial recognition, leases for assets that transfer substantially all the risks and rewards incident to the ownership to the Company (finance leases) are measured in the balance sheet at the lower of fair value and the present value of the future lease payments. In calculating the net present value, the interest rate implicit in the lease or the incremental borrowing rate is used as the discount factor.

The capitalised lease obligation is recognised in the balance sheet as a liability at amortised cost, allowing the interest element of the lease payment to be recognised in the income statement over the term of the lease.

All other leases are operating leases. Payments relating to operating leases and other leases are recognised in the income statement over the term of the lease. The Company's total obligation relating to operating leases and other leases is disclosed as contingencies, etc.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

The recoverable amount is the higher of an asset's net selling price and its value in use. The value in use is determined as the present value of the forecast net cash flows from the use of the asset or the group of assets, including forecast net cash flows from the disposal of the asset or the group of assets after the end of the useful life.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Inventories

Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.

Receivables

Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable has been impaired. If there is an objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

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

Contract work in progress

Contract work in progress is measured at the selling price of the work performed less progress billings and expected losses. The selling price is measured on the basis of the stage of completion at the balance sheet date and the projected income from the individual contract work in progress. The stage of completion is stated as the share of costs incurred in proportion to estimated total costs relating to contract work in progress.

When the selling price of contract work in progress cannot be estimated reliably, the selling price is measured at the lower of costs incurred and net realisable value.

Contract work in progress is recognised in the balance sheet as receivables or payables, respectively. Net assets comprise the total of contract work in progress where the selling price of the work performed exceeds progress billings. Net liabilities comprise the total of contract work in progress where progress billings exceed the selling price.

Costs arising from sales work and contracting are recognised in the income statement as incurred.

Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years.

Cash

Cash comprise petty cash at hand and bank deposits.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Equity

Reserve for development costs

The reserve for development costs comprises capitalised development costs. The reserve cannot be used for dividends, distribution or to cover losses. If the recognised development costs are sold or in other ways excluded from the Company's operations, the reserve will be dissolved and transferred directly to the distributable reserves under equity. If the recognised development costs are written down, the part of the reserve corresponding to the write-down of the developments costs will be reversed. If a write-down of development costs is subsequently reversed, the reserve will be re-established. The reserve is reduced by amortisation of capitalised development costs on an ongoing basis.

Hedging reserve

The hedging reserve comprises the cumulative net change in the fair value of hedging transactions that qualify for recognition as a cash flow hedge and where the hedged transaction has not yet been realised. The reserve is dissolved when the hedged transaction is realised, if the hedged cash flows are no longer expected to be realised or if the hedging relationship is no longer effective. The reserve does not represent a limitation under company law and may therefore be negative.

Corporation tax and deferred tax

Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities based on the planned use of the asset or settlement of the liability.

Deferred tax is measured in accordance with the tax rules and at the tax rates applicable at the balance sheet date when the deferred tax is expected to crystallise as current tax. Changes in deferred tax as a result of changes in tax rates are recognised in the income statement or equity, respectively.

Liabilities other than provisions

Financial liabilities are recognised at the date of borrowing at cost, corresponding to the proceeds received less transaction costs paid. In subsequent periods, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest rate. Accordingly, the difference between cost and the nominal value is recognised in the income statement over the term of the loan together with interest expenses.

Other liabilities are measured at amortised cost.

Deferred income

Deferred income comprises advance invoicing regarding income in subsequent years.

Financial statements 1 January – 31 December

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1 Accounting policies (continued)

Fair value

The fair value measurement is based on the principal market. If no principal market exists, the measurement is based on the most advantageous market, i.e. the market that maximises the price of the asset or liability less transaction and/or transport costs.

All assets and liabilities which are measured at fair value, or whose fair value is disclosed, are classified based on the fair value hierarchy, see below:

Level 1: Value in an active market for similar assets/liabilities

Level 2: Value based on recognised valuation methods on the basis of observable market information

Level 3: Value based on recognised valuation methods and reasonable estimates (non-observable market information).

2 Staff costs

DKK'000	2023	2022
Wages and salaries	35,076	32,366
Pensions	3,356	2,481
Other social security costs	355	420
	<u>38,787</u>	<u>35,267</u>
Average number of full-time employees	<u>48</u>	<u>47</u>

Staff costs include remuneration to the Executive Board totals DKK 3,649 thousand (2022: DKK 2,980 thousand) and remuneration to the Board of Directors totals DKK 594 thousand (2022: DKK 430 thousand).

DKK'000	2023	2022
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3 Financial income

Interest income from group entities	0	202
	<u>0</u>	<u>202</u>

4 Financial expenses

Interest expense to group entities	175	308
Other financial costs	6,996	4,123
	<u>7,171</u>	<u>4,431</u>

5 Proposed profit appropriation

Retained earnings	24,816	4,893
	<u>24,816</u>	<u>4,893</u>

Financial statements 1 January – 31 December

Notes

6 Intangible assets

DKK'000	Completed development projects	Development projects in progress	Total
Cost at 1 January 2023	36,105	5,331	41,436
Additions for the year	0	14,484	14,484
Transfers for the year	8,488	-8,488	0
Cost at 31 December 2023	44,593	11,327	55,920
Amortisation and impairment losses at 1 January 2023	-18,822	0	-18,822
Amortisation for the year	-5,508	0	-5,508
Amortisation and impairment losses at 31 December 2023	-24,330	0	-24,330
Carrying amount at 31 December 2023	20,263	11,327	31,590

Completed development projects

Completed development projects include new features to the software solution to fit a broader customer base. Development projects in progress comprise new technical solutions to be commercialised. The development projects are expected to be completed in the coming years and considerable economic benefits are expected in long and short term.

7 Property, plant and equipment

DKK'000	Land and buildings	Fixtures and fittings, tools and equipment	Total
Cost at 1 January 2023	7,495	5,379	12,874
Cost at 31 December 2023	7,495	5,379	12,874
Depreciation and impairment losses at 1 January 2023	-4,739	-3,752	-8,491
Depreciation for the year	-414	-685	-1,099
Depreciation and impairment losses at 31 December 2023	-5,153	-4,437	-9,590
Carrying amount at 31 December 2023	2,342	942	3,284
Assets held under finance leases	0	748	748

8 Contract work in progress

DKK'000	31/12 2023	31/12 2022
Selling price of work performed	163,361	117,998
Progress billings	-138,928	-84,161
	24,433	33,837

Financial statements 1 January – 31 December

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8 Contract work in progress (continued)

DKK'000	<u>31/12 2023</u>	<u>31/12 2022</u>
Recognised as follows:		
Contract work in progress (assets)	32,336	39,081
Contract work in progress (liabilities)	<u>-7,903</u>	<u>-5,244</u>
	<u>24,433</u>	<u>33,837</u>

9 Prepayments

Prepayments comprise prepayment of costs incurred relating to subsequent financial years including prepaid insurance, rent, licenses, etc.

10 Provisions

DKK'000	<u>31/12 2023</u>	<u>31/12 2022</u>
Deferred tax		
Deferred tax at 1 January	7,697	6,508
Deferred tax adjustment for the year in the income statement	<u>6,586</u>	<u>1,189</u>
	<u>14,283</u>	<u>7,697</u>

11 Currency and interest rate risks and the use of derivative financial instruments

Fair value disclosures

The Company has the following assets and liabilities measured at fair value:

Fair value at year end	-212
Recognised in the hedging reserve reduced by deferred tax	-166
Fair value level	2

The Company has forward contracts to buy USD 1,100 thousand in 2024. At 31 December 2023, the fair value of the forward contracts amounted to a unrealised loss of DKK 212 thousand at 31 December 2023.

The fair value of forward contracts is recognised as other payables.

12 Deferred income

Deferred income of DKK 2,415 thousand (31 December 2022: DKK 966 thousand) comprises payments received from customers that cannot be recognised until the subsequent financial year.

Financial statements 1 January – 31 December

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13 Contractual obligations, contingencies, etc.

Contingent liabilities

The Company is jointly taxed with the other Danish companies in the Scorpio HoldCo A/S Group. As a wholly-owned subsidiary, together with the other companies included in the joint taxation, the Company has joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends. Any subsequent correction of the taxable jointly taxed income or withholding taxes may entail an adjustment of the Company's liability.

Operating lease obligations

Rent and lease liabilities include a rent obligation totalling DKK 1,040 thousand (31 December 2022: 1,070 thousand) in interminable rent agreements with remaining contract terms of up to 12 months.

Furthermore, the Company has entered into operating leases for cars totalling DKK 308 thousand (31 December 2022: 650 thousand), with remaining contract terms of up to 19 months of which DKK 234 thousand falls due within 12 months.

14 Collateral

The Company has provided guarantees and provided collateral in land and buildings up to DKK 4,500 thousand towards credit institutions. At 31 December 2023, land and buildings held a carrying amount of DKK 2,342 thousand. As of 31 December 2023, the total liability towards credit institutions amounts to DKK 14,535 thousand.

Furthermore the Company has provided a company charge nom. DKK 20,200 thousand towards credit institutions. The company charge includes trade receivables, inventories and fixtures and fittings, tools and equipment. At 31 December 2023 the assets have a carrying amount of DKK 50,941 thousand.

Financial statements 1 January – 31 December

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15 Related party disclosures

Control

SCADA Holding A/S, A.C.Illums Vej 4A, Silkeborg, Denmark.

SCADA Holding A/S holds the majority of the contributed capital in the Company.

SCADA International A/S is part of the consolidated financial statements of Scorpio HoldCo A/S, A.C.Illums Vej 4A, Silkeborg, Denmark which is the smallest and largest group, in which the Company is included as a subsidiary.

The consolidated financial statements of Scorpio HoldCo A/S can be obtained by contacting the companies at the above address.

Related party transactions

DKK'000	2023
Sale of contract work to group entities	24,280
Purchase of contract work from group entities	23,697
Sale of services to the group entities	3,921
Purchase of services from group entities	<u>2,031</u>
Total	<u><u>53,929</u></u>

Receivables and payables from/to group entities are disclosed in the balance sheet.

A reference is made to note 3 and 4 for interest income and interest expenses from/to group entities.

A reference is made to note 2 for disclosed remuneration to management.

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Allan Baadsgaard Mønsted

Direktør

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Bestyrelsesmedlem

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Mats Lundgren

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Mikkel Trabjerg Knudsen

Statsautoriseret revisor

On behalf of: KPMG Statsautoriseret Revisionspartners...

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Niklas Rosenmaier Filipsen

KPMG P/S CVR: 25578198

Statsautoriseret revisor

On behalf of: KPMG Statsautoriseret Revisionspartners...

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Christina Aagaard Kjeldsen

Dirigent

On behalf of: SCADA companies

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