SCADA Holding A/S

A.C. Illumsvej 4A, 8600 Silkeborg

CVR no. 32 26 30 62

Annual report 2022

Approved at the Company's annual general meeting on 3 April 2023

Chair of the meeting:

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Mats Åke Lundgren

Contents

Statement by the Board of Directors and the Executive Board

Today, the Board of Directors and the Executive Board have discussed and approved the annual report of SCADA Holding 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 consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Company at 31 December 2022 and of the results of the Group's and the Company's operations and of the consolidated cash flows for the financial year 1 January - 31 December 2022.

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

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

Silkeborg, 3 April 2023
Executive Board:

Thomas Vanting Bagger	Allan Baadsgaard Mønsted	Christina Aagaard Kjeldsen

Board of Directors:

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

Independent auditor's report

To the shareholders of SCADA Holding A/S

Opinion

We have audited the consolidated financial statements and the parent company financial statements of SCADA Holding A/S for the financial year 1 January - 31 December 2022, which comprise income statement, balance sheet, statement of changes in equity and notes, including accounting policies, for the Group and the Parent Company, and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements are prepared in accordance with the Danish Financial Statements Act.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements and the parent Company financial statements" (herinafter collectively referred to as "the financial statements") section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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

Management's responsibilities for the financial statements

Management is responsible for the preparation of consolidated financial statements and parent company 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 Group's and the Parent 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 Group or the Parent Company or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

Independent auditor's report

- 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 Group's and the Parent 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 Group's and the Parent 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 Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the note disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Herning, 3 April 2023
EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Karsten Mehlsen
state Authorised Public Accountant
mne18473

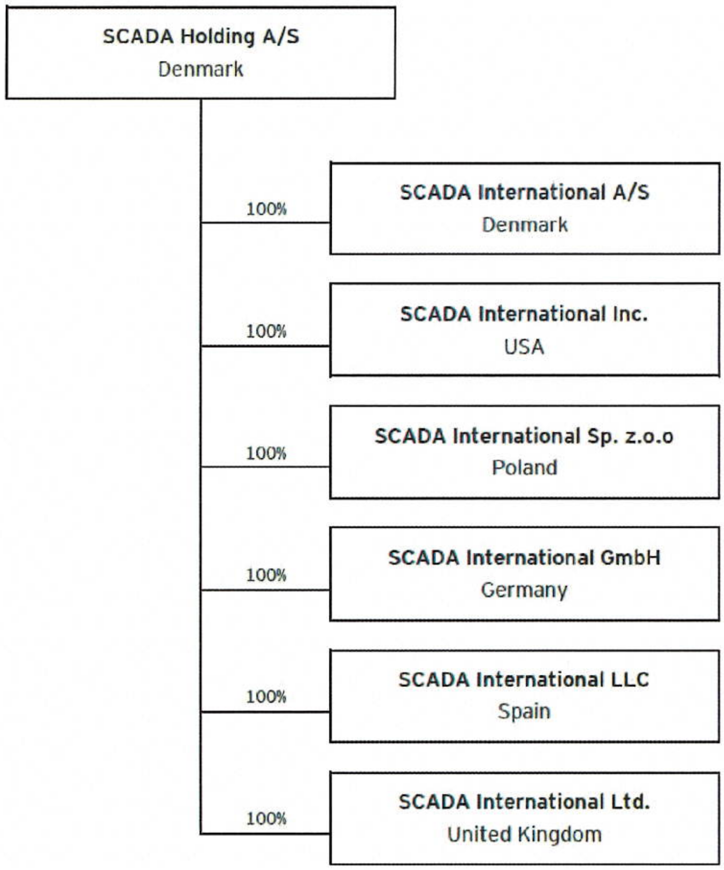
Management's review

Company details

Name	SCADA Holding A/S
Address, Postal code, City	A.C. Illumsvej 4A, 8600 Silkeborg
CVR no.	32 26 30 62
Established	16 June 2009
Registered office	Silkeborg
Financial year	1 January - 31 December
Telephone	+45 96 41 92 00
Board of Directors	Mats Åke Lundgren, Chairman Thomas Vanting Bagger Allan Baadsgaard Mønsted Alfonso Luis Caro Vazquez Ian Martin Lloyd Jones
Executive Board	Thomas Vanting Bagger Allan Baadsgaard Mønsted Christina Aagaard Kjeldsen
Auditors	EY Godkendt Revisionspartnerselskab Dalgasgade 27, 3. sal, 7400 Herning, Denmark

Management's review

Group chart



Management's review

Financial highlights for the Group

DKK'000	2022	2021	2020	2019	2018
Key figures					
Gross profit/loss	84,625	72,221	58,946	60,426	56,782
Earnings before interest, taxes, depreciation and amortisation (EBITDA)	22,390	19,384	10,678	10,981	11,878
Operating profit/loss	15,390	12,830	5,243	7,121	9,757
Net financials	-4,572	370	-628	-1,542	-300
Profit for the year	8,080	10,635	3,340	4,323	7,292
Fixed assets	27,070	23,206	22,220	20,097	15,501
Non-fixed assets	128,714	87,688	52,645	56,163	76,420
Total assets	155,784	110,894	74,865	76,260	91,921
Share capital	550	550	550	550	550
Equity	55,618	47,800	34,531	36,077	31,295
Provisions	6,956	6,507	4,880	5,203	1,979
Current liabilities other than provisions	92,484	56,587	35,454	34,980	58,647
Investments in intangible assets	9,810	7,001	7,191	8,095	5,968
Investments in property, plant and equipment	1,050	540	601	360	3,776
Financial ratios					
Return on assets	11.5%	13.8%	6.9%	8.5%	14.0%
Current ratio	139.2%	155.0%	148.5%	160.6%	130.3%
Equity ratio	35.7%	43.1%	46.1%	47.3%	34.0%
Return on equity	15.6%	25.8%	9.5%	12.8%	26.3%
Average number of full-time employees	92	75	74	72	69

For terms and definitions, please see the accounting policies.

Management's review

Business review

The group'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 group is represented in Germany, Poland, USA, Great Britain, Spain and Denmark

Financial review

The group's activities have had a 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. The result for the year has been positive affected by the high level of activity and general efficiency improvements. Overall, the result for the year is above budget and management consider it satisfactory.

Financial risks and use of financial instruments

The group is affected by currency developments especially in USD. The company hedge when making large purchases in USD. The company does not do 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 the environmental impact resulting from operations of the group, and has been ceritified in accordance with ISO 45001.

Research and development activities

New functionalities and added value in the OneView software suite has during 2022 been 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.

Events after the balance sheet date

No events materially affecting the Group's and the Company's financial position have occurred subsequent to the financial year-end.

SCADA Holding A/S was acquired in a transaction which completed on 5th January 2023. As part of this transaction, a new ultimate holding company was introduced to the group, Scorpio Holdco A/S, which acquired 100% of SCADA Holding A/S. Management has re-invested alongside funds advised by Magnesium Capital LLP to complete the acquisition of SCADA Holding A/S.

Outlook

The Outlook for 2023 is continued growth in both the Hardware business and especially in the Software business. All in all, 2023 gross profit is expected to grow 15-25% compared to 2022. EBITDA follows due to economies of scale, more efficient ways of working and growth in the software revenue.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Income statement

		Group		Parent company	
Note	DKK'000	2022	2021	2022	2021
	Gross profit/loss	84,625	72,221	-54	-97
3	Staff costs	-62,235	-52,837	0	0
	Amortisation/depreciation and impairment of fixed assets	-7,000	-6,554	0	0
	Profit/loss before net financials	15,390	12,830	-54	-97
	Income from investments in group enterprises	0	0	8,724	10,513
4	Financial income	279	1,560	146	275
	Write-down on investments	0	-45	0	-45
	Financial expenses	-4,851	-1,190	-197	-9
	Profit before tax	10,818	13,155	8,619	10,637
	Tax for the year	-2,738	-2,520	31	-2
	Profit for the year	8,080	10,635	8,650	10,635

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

		Group		Parent company	
Note	DKK'000	2022	2021	2022	2021
	ASSETS				
	Fixed assets				
5	Intangible assets				
	Completed development projects	17,283	17,070	0	0
	Development projects in progress and prepayments for intangible assets	5,331	1,662	0	0
		22,614	18,732	0	0
6	Property, plant and equipment				
	Land and buildings	2,769	3,500	0	0
	Fixtures and fittings, other plant and equipment	1,687	974	0	0
		4,456	4,474	0	0
7	Investments				
	Investments in group enterprises	0	0	50,381	41,919
		0	0	50,381	41,919
	Total fixed assets	27,070	23,206	50,381	41,919
	Non-fixed assets				
	Inventories				
	Finished goods and goods for resale	33,841	12,615	0	0
		33,841	12,615	0	0
	Receivables				
	Trade receivables	41,480	41,658	0	0
8	Work in progress for third parties	49,162	26,419	0	0
	Receivables from group enterprises	0	0	5,732	5,651
11	Deferred tax assets	31	697	31	0
	Corporation tax receivable	679	418	50	312
	Other receivables	395	246	0	-1
	Prepayments	768	568	0	0
		92,515	70,006	5,813	5,962
	Cash	2,358	5,067	44	0
	Total non-fixed assets	128,714	87,688	5,857	5,962
	TOTAL ASSETS	155,784	110,894	56,238	47,881

Consolidated financial statements and parent company financial statements 1 January - 31 December

Balance sheet

Note	DKK'000	Group 2022	Group 2021	Parent company 2022	Parent company 2021
	EQUITY AND LIABILITIES				
	Equity				
9	Share capital	550	550	550	550
	Reserve for hedging	-703	0	0	0
	Net revaluation reserve according to the equity method	0	0	32,525	24,063
	Retained earnings	55,771	47,250	23,113	23,187
	Total equity	55,618	47,800	56,188	47,800
	Provisions				
11	Deferred tax	6,956	6,507	0	0
	Total provisions	6,956	6,507	0	0
	Liabilities other than provisions				
12	Non-current liabilities other than provisions				
	Lease liabilities	726	0	0	0
		726	0	0	0
	Current liabilities other than provisions				
	Bank debt	25,734	22,378	0	0
	Lease liabilities	265	605	0	0
8	Prepayments on work in progress	6,478	6,440	0	0
	Trade payables	49,750	19,526	0	0
	Corporation tax payable	171	73	0	0
	Joint taxation contribution payable	0	0	0	50
	Other payables	8,931	6,623	50	31
	Deferred income	1,155	942	0	0
		92,484	56,587	50	81
	Total liabilities other than provisions	93,210	56,587	50	81
	TOTAL EQUITY AND LIABILITIES	155,784	110,894	56,238	47,881

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK'000	Group: Share capital	Reserve for hedging	Retained earnings	Total
	Equity at 1 January 2021	550	0	33,980	34,530
	Transfer through appropriation of profit	0	0	10,635	10,635
	Adjustment of investments through foreign exchange adjustments	0	0	545	545
	Sale of treasury shares	0	0	2,090	2,090
	Equity at 1 January 2022	550	0	47,250	47,800
	Transfer through appropriation of profit	0	0	8,071	8,071
	Adjustment of investments through foreign exchange adjustments	0	0	450	450
	Fair value adjustment of derivative financial instruments	0	-901	0	-901
	Tax on items recognised directly in equity	0	198	0	198
	Equity at 31 December 2022	550	-703	55,771	55,618

Note	DKK'000	Parent company: Share capital	Net revaluation reserve according to the equity method	Retained earnings	Total
	Equity at 1 January 2021	550	12,963	21,017	34,530
17	Transfer, see "Appropriation of profit"	0	10,555	80	10,635
	Adjustment of investments through foreign exchange adjustments	0	545	0	545
	Sale of treasury shares	0	0	2,090	2,090
	Equity at 1 January 2022	550	24,063	23,187	47,800
17	Transfer, see "Appropriation of profit"	0	8,724	-74	8,650
	Adjustment of investments through foreign exchange adjustments	0	441	0	441
	Other value adjustments of equity	0	-703	0	-703
	Equity at 31 December 2022	550	32,525	23,113	56,188

Consolidated financial statements and parent company financial statements 1 January - 31 December

Cash flow statement

Note	DKK'000	Group 2022	Group 2021
	Profit for the year	8,080	10,635
18	Adjustments	9,768	9,074
	Cash generated from operations (operating activities)	17,848	19,709
19	Changes in working capital	-10,345	-23,293
	Cash generated from operations (operating activities)	7,503	-3,584
	Income taxes paid	-1,795	-594
	Cash flows from operating activities	5,708	-4,178
	Additions of intangible assets	-9,810	-7,001
	Additions of property, plant and equipment	-1,050	-540
	Cash flows to investing activities	-10,860	-7,541
	Proceeds of debt, finance leases	630	900
	Hedging of foreign currency	-901	0
	Repayments, finance leases	-244	-615
	Sale of treasury shares	0	2,090
	Cash flows from financing activities	-515	2,375
	Net cash flow	-5,667	-9,344
	Cash and cash equivalents at 1 January	-17,311	-8,048
	Foreign exchange adjustments	-398	81
20	Cash and cash equivalents at 31 December	-23,376	-17,311

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

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

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

Reporting currency

The financial statements are presented in Danish kroner (DKK'000).

Consolidated financial statements

Control

The consolidated financial statements comprise the Parent Company and subsidiaries controlled by the Parent Company.

Control means a parent company's power to direct a subsidiary's financial and operating policy decisions. Besides the above power, the parent company should also be able to yield a return from its investment.

In assessing if the parent company controls an entity, de facto control is taken into consideration as well.

Preparation of consolidated financial statements

The consolidated financial statements are prepared as a consolidation of the parent company's and the individual subsidiaries' financial statements, which are prepared according to the group's accounting policies. On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated. Unrealised gains on transactions with associates are eliminated in proportion to the group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains if they do not reflect impairment.

In the consolidated financial statements, the accounting items of subsidiaries are recognised in full. Non-controlling interests' share of the profit/loss for the year and of the equity of subsidiaries which are not wholly-owned are included in the group's profit/loss and equity, respectively, but are disclosed separately.

Foreign currency translation

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

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

Foreign group entities

Foreign subsidiaries and associates are considered separate entities. Items in such entities' income statements are translated at an average exchange rate for the month, and balance sheet items are translated at closing rates. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries to closing rates and on translation of the income statements from average exchange rates to closing rates are taken directly to equity.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Foreign exchange adjustments of balances with separate foreign subsidiaries, which are considered part of the aggregate investment in the subsidiary, are taken directly to equity, and foreign exchange gains and losses on loans and derivative financial instruments designated as hedges of foreign subsidiaries are recognised directly in equity.

Derivative financial instruments

On initial recognition, derivative financial instruments are recognised at cost in the balance sheet and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are presented as separate items in the balance sheet.

Fair value adjustments of derivative financial instruments designated and qualifying as hedging of future assets or liabilities are recognised as separate items in the balance sheet and in the hedging reserve under equity. If the forecast transaction results in the recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

Income statement

Revenue

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

Revenue is recognised in the income statement provided that the delivery and transfer of risk have taken place by the end of the year and that the income can be reliably measured and is expected to be received. Revenue is recognised ex. VAT and taxes charges on behalf of third parties. Any given discounts are recognised in revenue.

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

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

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

Gross profit/loss

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

Other operating income

Other operating income comprise items of a secondary nature relative to the Company's core activities, including gains on the sale of fixed assets.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

External expenses

Other external expenses include the year's expenses relating to the Company's core activities, including expenses relating to distribution, sale, advertising, administration, premises, bad debts, payments under operating leases, etc.

Staff costs

Staff costs include wages and salaries, including compensated absence and pension to the Company's employees, as well as other social security contributions, etc. The item is net of refunds from public authorities.

Amortisation/depreciation

The item comprises amortisation/depreciation of intangible assets and property, plant and equipment.

The basis of amortisation/depreciation, which is calculated as cost less any residual value, is amortised/depreciated on a straight line basis over the expected useful life. The expected useful lives of the assets are as follows:

Completed development projects	5 years
Buildings	6-25 years
Fixtures and fittings, other plant and equipment	3-5 years

Land is not depreciated.

Profit/loss from investments in subsidiaries

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

Financial income and expenses

Financial income and expenses are recognised in the income statements at the amounts that concern the financial year. Net financials include interest income and expenses as well as allowances and surcharges under the advance-payment-of-tax scheme, etc.

Tax

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

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

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Development costs comprise expenses, salaries and amortisation directly or 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 areidentifiable and where the Company intends to produce, market or use the project, are recognised as intangible assets provided that the cost can be measured reliably and that there is sufficient assurance that future earnings can cover production costs, selling costs and administrative expenses and development costs. Other development costs are recognised in the income statement as incurred.

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

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

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes the acquisition price and costs directly related to the acquisition until the time at which the asset is ready for use.

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

Leases

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

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

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

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Investments in subsidiaries

On initial recognition, investments in subsidiaries are measured at cost and subsequently at the proportionate share of the entities' net asset values calculated in accordance with the parent company's accounting policies minus or plus any residual value of positive or negative goodwill calculated in accordance with the purchase method of accounting. Subsidiaries with a negative net asset value are measured at DKK 0 (nil), and any amounts owed by such entities are written down by the parent company's share of the net asset value if the amount owed is deemed irrecoverable. If the negative net asset value exceeds the amounts owed, the remaining amount is recognised under provisions if the parent company has a legal or a constructive obligation to cover the entity's deficit. Net revaluations of investments in subsidiaries are transferred to the net revaluation reserve according to the equity method where the carrying amount exceeds the acquisition cost.

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

Corporate acquisitions are accounted for using the purchase method according to which the acquired entity's identifiable assets and liabilities are measured at fair value at the date of acquisition. In connection with the acquisition, a provision is made for expenses related to adopted plans to restructure the acquired entity. The tax effect of revaluations made is taken into account.

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

Dividend received is deduced from the carrying amount.

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

Impairment of fixed assets

Fixed assets are subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

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

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

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

Inventories

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

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Receivables

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

Receivables are measured at amortised cost.

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

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

Work in progress for third parties

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

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

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

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

Prepayments

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

Cash

Cash comprise bankdeposits and petty cash at hand.

Equity

Reserve for net revaluation according to the equity method

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

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.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Income taxes

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

Deferred tax is measured according to the liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on Management's intended use of the asset or settlement of the liability, respectively.

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

Liabilities

The compnay has chosen IAS 39 as interpretation for recognition and measurement of financial liabilities. Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. On subsequent recognition, Financial liabilities are measured at amortised cost, corresponding to the capitalised value, using the effective interest rate. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Other liabilities are measured at net realisable value.

Lease liabilities

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

Deferred income

Deferred income recognised as a liability comprises payments received concerning income in subsequent financial reporting years.

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).

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cash flow statement

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

Cash flows from operating activities are calculated as the profit/loss for the year adjusted for non cash operating items, changes in working capital and paid corporate income tax.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of entities and activities and of intangible assets, property, plant and equipment and investments.

Cash flows from financing activities comprise changes in the size or composition of the Company's share capital and related expenses as well as raising of loans, repayment of interest bearing debt and payment of dividends to shareholders.

Cash and cash equivalents comprise cash, short term bank loans and short term securities which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

Financial ratios

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

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

2 Events after the balance sheet date

No events materially affecting the Group's financial position have occurred subsequent to the financial year-end.

No events materially affecting the Comany's financial position have occurred subsequent to the financial year-end.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2022	2021	2022	2021
3	Staff costs				
	Wages/salaries	56,150	48,191	0	0
	Pensions	4,440	2,531	0	0
	Other social security costs	1,645	2,115	0	0
		62,235	52,837	0	0
	Average number of full-time employees	92	75	0	0

Remuneration to executive board totals tDKK 2,980 (2021: 3,375) and to board of directors tDKK 430 (2021: 425 tDKK).

		Group		Parent company	
4	Financial income				
	Interest receivable, group entities	0	0	112	275
	Other financial income	279	1,560	34	0
		279	1,560	146	275

5 Intangible assets

	Group		
DKK'000	Completed development projects	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	29,964	1,662	31,626
Additions	5,048	4,762	9,810
Transferred	1,093	-1,093	0
Cost at 31 December 2022	36,105	5,331	41,436
Impairment losses and amortisation at 1 January 2022	12,894	0	12,894
Amortisation for the year	5,928	0	5,928
Impairment losses and amortisation at 31 December 2022	18,822	0	18,822
Carrying amount at 31 December 2022	17,283	5,331	22,614
Amortised over	5 years		

Completed development projects

Completed development projects include new features to the software solution to fit a broader customer base.
Revenue and order intake has increased throughout the year and is expected to continue to grow. Based on this management has no indication that write-offs should be needed.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

6 Property, plant and equipment

DKK'000	Group Land and buildings	Fixtures and fittings, other plant and equipment	Total
Cost at 1 January 2022	7,508	5,002	12,510
Foreign exchange adjustments	0	-160	-160
Additions	0	1,050	1,050
Disposals	0	-97	-97
Cost at 31 December 2022	7,508	5,795	13,303
Impairment losses and depreciation at 1 January 2022	4,008	4,028	8,036
Foreign exchange adjustments	0	-164	-164
Depreciation	731	341	1,072
Depreciation and impairment of disposals	0	-97	-97
Impairment losses and depreciation at 31 December 2022	4,739	4,108	8,847
Carrying amount at 31 December 2022	2,769	1,687	4,456
Property, plant and equipment include finance leases with a carrying amount totalling	0	1,273	1,273
Depreciated over	6-25 years	3-5 years	

7 Investments

DKK'000	Parent company Investments in group enterprises
Cost at 1 January 2022	17,857
Cost at 31 December 2022	17,857
Value adjustments at 1 January 2022	24,062
Foreign exchange adjustments	441
Profit/loss for the year	8,724
Changes in equity	-703
Value adjustments at 31 December 2022	32,524
Carrying amount at 31 December 2022	50,381

Parent company

Name	Legal form	Domicile	Interest
SCADA International	A/S	Silkeborg	100.00%
SCADA International	Inc.	USA	100.00%
SCADA International Deutschland	GmbH	Tyskland	100.00%
SCADA International	Sp. Z.o.o	Polen	100.00%
SCADA International MED	SL	Spanien	100.00%
SCADA International Business	Ltd.	UK	100.00%

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

		Group		Parent company	
	DKK'000	2022	2021	2022	2021
8	Work in progress for third parties				
	Selling price of work performed	149,826	83,848	0	0
	Progress billings	-107,142	-63,869	0	0
		42,684	19,979	0	0
	recognised as follows:				
	Work in progress for third parties (assets)	49,162	26,419	0	0
	Work in progress for third parties (liabilities)	-6,478	-6,440	0	0
		42,684	19,979	0	0

		Parent company	
	DKK'000	2022	2021
9	Share capital		
	Analysis of the share capital:		
	55,000 shares of DKK 10.00 nominal value each	550	550
		550	550

10 Treasury shares

Parent company

Treasury shares

The parent company owns treasury shares totaling nominal value DKK 16,610 thousand corresponding to 3.02% of the share capital.

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

	Group		Parent company	
DKK'000	2022	2021	2022	2021
11 Deferred tax				
Deferred tax at 1 January	5,810	2,802	0	0
Recognized in the income statement	1,313	3,008	0	0
Tax on items recognized directly in equity	-198	0	0	0
Other deferred tax	0	0	-31	0
Deferred tax at 31 December	6,925	5,810	-31	0
Analysis of the deferred tax				
Deferred tax assets	-31	-697	-31	0
Deferred tax liabililties	6,956	6,507	0	0
	6,925	5,810	-31	0

12 Non-current liabilities other than provisions

	Group			
DKK'000	Total debt at 31/12 2022	Repayment, next year	Long-term portion	Outstanding debt after 5 years
Lease liabilities	726	0	726	0
	726	0	726	0

13 Derivative financial instruments

Group

The Group uses hedging instruments such as forward exchange contracts and interest and currency swaps to hedge recognised and non-recognised transactions.

Fair value disclosures

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

DKK'000	Derivative financial instruments (Liability)
Group	
Fair value at year end	901
Unrealised fair value adjustments for the year, recognised in hedging reserve	901
Fair value level	2

Group

The group has forward contracts to buy USD 2.061 thousand in 2023. At 31. December 2022 the fair value of the forward contracts amounts to a unrealized loss of DKK 901 thousand at 31. December 2022.

The fair value of forward contracts is recognized as other liabilities. (short term)

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

14 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

	Group		Parent company	
DKK'000	2022	2021	2022	2021
Rent and lease liabilities	1,720	2,048	0	0

Group

Rent and lease liabilities include a rent obligation totalling DKK 2.277 thousand in interminable rent agreements with remaining contract terms of 3-34 months.

Furthermore, the Company has liabilities under operating leases for cars totalling DKK 650 thousand, with remaining contract terms of 14-36 months.

Parent company

The company has issued debt relief regarding the subsidiaries SCADA International A/S and SCADA International Deutschland GmbH´s debt to credit institutions. The debt collectively sums up to DKK 29.253 thousand as of 31 December 2022.

The company is jointly taxed with the Danish subsidiaries. The companies included in the joint taxation have joint and several unlimited liability for Danish corporation taxes and withholding taxes on dividends, interest and royalties.The net-liability for the jointly taxated companies is DKK 0 thousand at 31 December 2022. Later adjustments of the joint taxation income and tax deducted at source might lead to a larger liability for the company.

15 Collateral

Group

The group has provided guarantees and provided collateral in land and buildings nom. DKK 4,500 thousand for balances between group companies and bank. At 31 December 2022 land and buildings has a carrying amount of DKK 2.756 thousand.

Furthermore a group company has provided a company charge nom. DKK 5,200 thousand for balances between the company and bank. The company charge includes receivables, inventories, other fixtures and fittings, tools and equipment and intangible assets. At 31 December 2022 the assets have a carrying amount of DKK 92.029 thousand.

Parent company

None

Consolidated financial statements and parent company financial statements 1 January - 31 December

Notes to the financial statements

16 Related parties

Related party transactions

DKK'000	2022	2021
Parent Company		
Financial income from group enterprises	112	276
Receivables from group enterprises	5,732	5,651

Parent company

	Parent company	
DKK'000	2022	2021
17 Appropriation of profit		
Recommended appropriation of profit		
Net revaluation reserve according to the equity method	8,724	10,555
Retained earnings/accumulated loss	-74	80
	8,650	10,635

	Group	
DKK'000	2022	2021
18 Adjustments		
Amortisation/depreciation and impairment losses	7,000	6,554
Tax for the year	2,768	2,520
	9,768	9,074
19 Changes in working capital		
Change in inventories	-21,226	-7,897
Change in receivables	-22,765	-24,154
Change in trade and other payables	33,646	8,758
	-10,345	-23,293
20 Cash and cash equivalents at year-end		
Cash according to the balance sheet	2,358	5,067
Short-term debt to banks	-25,734	-22,378
	-23,376	-17,311