

EDF Danmark A/S

Jernholmen 47A, 2650 Hvidovre

Annual report 2022

Approved at the Company's annual general meeting on 20 June 2023

Chair of the meeting:

DocuSigned by:

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Henrik Rasmussen

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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 EDF Danmark A/S for the financial year 1 January - 31 December 2022.

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

In our opinion, the financial statements give a true and fair view of the financial position of the Company at 31 December 2022 and of the results of the Company's operations and cash flows for the financial year 1 January - 31 December 2022.

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.

Copenhagen, 20 June 2023
Executive Board:

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Henrik Rasmussen
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Henrik Rasmussen

Board of Directors:

DocuSigned by:
Marc Jean Philippe Girard
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Marc Jean Philippe Girard

DocuSigned by:
Julie Pauline Mathys
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Julie Pauline Mathys

DocuSigned by:
Flavien Hollier-Larousse
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Flavien Hollier-Larousse

DocuSigned by:
D. Dupouy
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Daniel Thierry Didier
Dupouy

Independent auditor's report

To the shareholders of EDF Danmark A/S

Opinion

We have audited the financial statements of EDF Danmark A/S for the financial year 1 January - 31 December 2022, which comprise an income statement, balance sheet, statement of changes in equity, cash flow statement 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 financial position of the Company at 31 December 2022, and of the results of the Company's operations as well as the 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 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 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.

Management's responsibilities for the financial statements

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

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance 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 skepticism throughout the audit. We also:

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

Independent auditor's report

- 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 note 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 Statement Act. We did not identify any material misstatement of the Management's review.

Copenhagen, 20 June 2023

KPMG

Statsautoriseret Revisionspartnerselskab

CVR no. 25 57 81 98

DocuSigned by:


Kenn W. Hansen

State Authorised Public Accountant

mne30154

Management's review

Company details

Name	EDF Danmark A/S
Address, Postal code, City	Jernholmen 47A, 2650 Hvidovre
CVR no.	35 40 45 46
Established	19 July 2013
Registered office	Hvidovre
Financial year	1 January - 31 December
Website	www.danmark.edf.com
Telephone	+45 32 64 10 00
Board of Directors	Marc Jean Philippe Girard Julie Pauline Mathys Flavien Hollier-Larouse Daniel Thierry Didier Dupouy
Executive Board	Henrik Rasmussen
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 Copenhagen

Management's review

Financial highlights

DKK'000	2022	2021	2020	2019	2018
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Key figures

Revenue	110,121	100,522	97,297	85,774	67,534
Gross profit	25,370	32,967	35,146	31,921	24,104
Profit before interest and tax (EBIT)	-2,737	4,256	9,215	8,249	2,020
Net financials	-312	-400	-263	-240	-462
Profit/loss for the year	-2,380	2,962	9,195	9,463	2,186

Total assets	72,080	68,058	65,572	54,300	43,086
Investments in property, plant and equipment	-3,390	-378	-1,588	-738	-1,137
Equity	33,829	36,208	33,247	24,052	14,588

Financial ratios

Operating margin	-2.5%	4.2%	9.5%	9.6 %	3.0 %
Gross margin	23.0%	32.8%	36.1%	37.2%	35.7%
Equity ratio	46.9%	53.2%	50.7%	44.3%	33.9%
Return on equity	-6.8%	8.5%	32.1%	49.0%	16.2%

Average number of full-time employees	62	62	54	46	43
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Financial ratios are calculated in accordance with the Danish Finance Society's recommendations on the calculation of financial ratios. For terms and definitions, please see the accounting policies.

Management's review

Business review

The main activity of the Company is to establish and handle the operation and maintenance of electrical installations in the urban environment, such as street lighting, traffic signals and other smart city infrastructure.

The Company has been present in the Danish market since 2013 after winning a long-term contract to rebuild and then maintain much of the street lighting infrastructure in Copenhagen.

Building on the Copenhagen contract, the Company has expanded its operations, such that for 2019 and onwards it is currently providing operation and maintenance of street lighting infrastructure for 9 Danish Municipalities, in many cases using the MUSE asset management software platform provided by Citegestion, which like EDF Denmark is a subsidiary of EDF.

In addition, every year the company undertakes many projects to renew and build new street lighting infrastructure for Municipalities and private sector clients and has also engaged in traffic signal related projects.

Financial review

In 2022, the Company's revenue came in at DKK 110,121 thousand. The income statement for 2022 shows a loss of DKK 2,380 thousand, and the balance sheet at 31 December 2022 shows equity of DKK 33,829 thousand.

In management's view the Company's financial performance of 2022 has been impacted by aftermath of COVID-19 pandemic, war in Ukraine and inflationary environment. We see 2022 as becoming more stable in comparison to previous years and expect 2023 to be probably last year under pressure before coming back to better profitability levels in 2024. It needs to be noted that we record sales numbers at a very healthy levels and have a strong backlog of approved jobs to be completed in 2023.

In 2022, we expected breaking even at net profit level. As a matter of fact, the market we operated in 2022 turned out to be more complex than previously assumed. The long-lasting bottlenecks in the supply chain caused the delays in the delivery of our projects, meaning deferred profits recognition. Additionally, very tight situation in the job market has led to increased staff rotation and temporary inefficiencies. We responded with more careful stock and buffers management, optimizing the onboarding and training procedures as well as implementation of new IT tools to increase operational efficiency.

Knowledge resources

EDF Denmark's workforce includes many Technicians / Electricians trained to work on outdoor electrical and traffic installations, a growing number of technically skilled Project Managers, plus Management and Administrative staff. During 2022, the Company has been employing specialized Traffic technicians to fulfil contractual obligations in this business area. Additionally, due to expansion of activities into building and maintenance of EV charging stations we have been hiring specialized Project Managers and training technicians to achieve the relevant skills.

Financial risks and use of financial instruments

Potential risks of our business are directly resulting from global tensions related to results of COVID-19, war in Ukraine and current inflationary environment. These factors have contributed to instability of prices and bottlenecks in supply chains. Additionally, significant inflationary pressure, as well as energy crisis in Europe led to increased costs of commodities, fuels and cost of labor. All the above put pressure on profitability of the business and curb core business development.

Research and development activities

Company focuses on development of its core activities relating to Operations and Maintenance of street lighting facilities. We invest in sales efforts to accommodate development in terms of renewal of street luminaires into LED, contributing to CO2 neutrality of Danish leading municipalities. We continue to develop our partnerships within intelligent IoT (Internet of Things) communication platforms developers, aggregating best possible solutions to the benefit of our clients. Additionally, as we have finalized acquisition of our company by EDF International, we focused more on decarbonization and digitalization topics, reviewing opportunities in EV charging stations and rooftop solar business.

Management's review

Events after the balance sheet date

No events occurred after the balance sheet date that significantly affect the financial position of the company.

Outlook

In 2023 Management is aiming to further increase the number of Operation & Maintenance contracts and projects to build and renew assets primarily in street lighting. In addition, we continue our efforts to further optimize processes and use of systems to reduce costs and increase efficiency.

We look positive into 2023, where supply chains should be more relieved. Energy crisis in Europe has speeded up the development of clean technologies and government / municipalities' drive for more energy efficiency. The market outlook is hence positive with good demand for the products and services offered or targeted to be offered by EDF Denmark.

We plan to grow out sales beyond 100m DKK mark and record net profitability in the range of 3-5% of sales.

Financial statements 1 January - 31 December

Income statement

Note	DKK	<u>2022</u>	<u>2021</u>
	Revenue	110,120,847	100,521,996
	Cost of sales	-72,364,602	-56,754,747
	Other operating income	0	40,356
	Other external expenses	-12,385,888	-10,840,312
	Gross profit	<u>25,370,357</u>	<u>32,967,293</u>
2	Staff costs	-26,553,151	-26,880,337
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,520,164	-1,830,849
	Other operating expenses	-34,439	0
	Profit/loss before net financials	<u>-2,737,397</u>	<u>4,256,107</u>
3	Financial income	2,270	14,910
4	Financial expenses	-313,867	-414,422
	Profit/loss before tax	<u>-3,048,994</u>	<u>3,856,595</u>
5	Tax for the year	669,144	-894,935
	Profit/loss for the year	<u><u>-2,379,850</u></u>	<u><u>2,961,660</u></u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	<u>2022</u>	<u>2021</u>
	ASSETS		
	Fixed assets		
6	Intangible assets		
	Acquired intangible assets	1,123,298	1,689,033
	Development projects in progress and prepayments for intangible assets	<u>2,037,725</u>	<u>0</u>
		<u>3,161,023</u>	<u>1,689,033</u>
7	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	1,581,552	1,184,065
	Property, plant and equipment in progress	<u>325,797</u>	<u>0</u>
		<u>1,907,349</u>	<u>1,184,065</u>
	Total fixed assets	<u>5,068,372</u>	<u>2,873,098</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	<u>9,730,507</u>	<u>7,012,248</u>
		<u>9,730,507</u>	<u>7,012,248</u>
	Receivables		
	Trade receivables	35,412,787	15,180,320
8	Work in progress for third parties	11,123,478	9,148,381
9	Deferred tax assets	2,438,203	1,769,059
	Income taxes receivable	56,000	38,000
	Other receivables	518,042	445,382
10	Prepayments	<u>547,411</u>	<u>669,365</u>
		<u>50,095,921</u>	<u>27,250,507</u>
	Cash	<u>7,185,277</u>	<u>30,922,588</u>
	Total non-fixed assets	<u>67,011,705</u>	<u>65,185,343</u>
	TOTAL ASSETS	<u><u>72,080,077</u></u>	<u><u>68,058,441</u></u>

Financial statements 1 January - 31 December**Balance sheet**

Note	DKK	<u>2022</u>	<u>2021</u>
	EQUITY AND LIABILITIES		
	Equity		
11	Share capital	2,500,000	2,500,000
	Retained earnings	31,328,635	33,708,485
	Total equity	<u>33,828,635</u>	<u>36,208,485</u>
	Liabilities other than provisions		
12	Non-current liabilities other than provisions		
	Other payables	1,433,103	1,455,587
		<u>1,433,103</u>	<u>1,455,587</u>
	Current liabilities other than provisions		
8	Work in progress for third parties	7,631,116	8,652,023
	Trade payables	20,784,243	11,433,405
	Payables to group entities	131,287	3,131,048
	Other payables	8,271,693	7,177,893
		<u>36,818,339</u>	<u>30,394,369</u>
	Total liabilities other than provisions	<u>38,251,442</u>	<u>31,849,956</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>72,080,077</u></u>	<u><u>68,058,441</u></u>

- 1 Accounting policies
- 13 Contractual obligations and contingencies, etc.
- 14 Collateral
- 15 Related parties
- 16 Appropriation of profit/loss

Financial statements 1 January - 31 December**Statement of changes in equity**

Note	DKK	<u>Share capital</u>	<u>Retained earnings</u>	<u>Total</u>
	Equity at 1 January 2021	2,500,000	30,746,825	33,246,825
16	Transfer, see "Appropriation of profit/loss"	0	2,961,660	2,961,660
	Equity at 1 January 2022	2,500,000	33,708,485	36,208,485
16	Transfer, see "Appropriation of profit/loss"	0	-2,379,850	-2,379,850
	Equity at 31 December 2022	2,500,000	31,328,635	33,828,635

Financial statements 1 January - 31 December**Cash flow statement**

Note	DKK	2022	2021
	Profit/loss for the year	-2,379,850	2,961,660
17	Adjustments	1,162,617	3,084,940
	Cash generated from operations (operating activities)	-1,217,233	6,046,600
18	Changes in working capital	-15,782,079	6,415,233
	Cash generated from operations (operating activities)	-16,999,312	12,461,833
	Interest received, etc.	2,270	14,910
	Interest paid, etc.	-313,867	-373,898
	Income taxes paid	-37,000	-373,881
	Cash flows from operating activities	-17,347,909	11,728,964
	Additions of property, plant and equipment	-3,389,641	-377,973
	Disposals of property, plant and equipment	0	125,000
	Cash flows to investing activities	-3,389,641	-252,973
	Repayments, borrowings from group enterprises	-2,999,761	-499,431
	Cash flows from financing activities	-2,999,761	-499,431
	Net cash flow	-23,737,311	10,976,560
	Cash and cash equivalents at 1 January	30,922,588	19,946,028
19	Cash and cash equivalents at 31 December	7,185,277	30,922,588

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EDF Danmark 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).

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.

Income statement

Revenue

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

Income from the sale of electrical installations, etc. is recognised in revenue at the time of delivery and when the risk passes to the buyer, provided that the income can be made up reliably and is expected to be received.

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.

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Cost of sales

Cost of sales includes the cost of goods used in generating the year's revenue.

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

Acquired intangible assets 4-11 years

The amortisation period for intangible assets exceeds 5 years as the economic life of the asset complies with the term of the underlying contract.

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

Other fixtures and fittings, tools and equipment 2-5 years

Other operating expenses

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

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.

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies (continued)

Balance sheet

Intangible assets

Intangible assets include other acquired intangible rights.

On initial recognition, other intangible assets are measured at cost and subsequently at cost less accumulated amortisation and impairment losses.

The basis of amortisation is calculated taking into consideration any residual value of the asset and is reduced by impairment losses, if any. The amortisation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further amortisation charges are recognised.

In case of changes in the amortisation period or the residual value, the effect on amortisation is recognised in future as a change in accounting estimates.

Gains and losses on the sale of intangible assets are recognised in the income statement under "Other operating income" or "Other operating expenses", respectively. Gains and losses are calculated as the difference between the selling price less selling expenses and the carrying amount at the time of sale.

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.

The basis of depreciation is calculated taking into consideration any residual value of the asset and is reduced by impairment losses, if any. The depreciation period and the residual value are determined at the time of acquisition and are reassessed every year. Where the residual value exceeds the carrying amount of the asset, no further depreciation charges are recognised.

In case of changes in the depreciation period or the residual value, the effect on depreciation is recognised in future as a change in accounting estimates.

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.

Impairment of fixed assets

The carrying amount of intangible assets and property, plant and equipment is tested annually for evidence of impairment other than the decrease in value reflected by amortisation/depreciation.

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.

Previously recognised impairment losses are reversed when the reason for recognition no longer exists.

Financial statements 1 January - 31 December

Notes to the financial statements

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 expenses required to effect the sale and is determined taking into account marketability, obsolescence and development in the expected selling price.

Receivables

Receivables are measured at amortised cost.

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

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.

Receivables in respect of which there is no objective evidence of individual impairment are tested for objective evidence of impairment on a portfolio basis. The portfolios are primarily based on the debtors' domicile and credit ratings in line with the Company's risk management policy. The objective evidence applied to portfolios is determined based on historical loss experience.

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 cash and short term securities which are readily convertible into cash and subject only to minor risks of changes in value.

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. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes and other items where temporary differences, apart from business combinations, arise at the date of acquisition without affecting either profit/loss for the year or taxable income. 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. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

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. Financial liabilities also include the capitalised residual lease liability in respect of finance leases.

Other liabilities are measured at net realisable value.

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 statements 1 January - 31 December**Notes to the financial statements****1 Accounting policies (continued)****Financial ratios**

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

Operating margin	$\frac{\text{Operating profit (EBIT)} \times 100}{\text{Revenue}}$
Gross margin	$\frac{\text{Gross profit/loss} \times 100}{\text{Revenue}}$
Equity ratio	$\frac{\text{Equity, year-end} \times 100}{\text{Total equity and liabilities, year-end}}$
Return on equity	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

Financial statements 1 January - 31 December**Notes to the financial statements**

DKK	<u>2022</u>	<u>2021</u>
2 Staff costs		
Wages/salaries	34,669,362	36,210,859
Pensions	2,760,704	2,950,922
Other social security costs	140,308	140,561
Other staff costs	2,729,433	1,998,050
Staff costs transferred to cost of sales	-13,746,656	-14,420,055
	<u>26,553,151</u>	<u>26,880,337</u>
Average number of full-time employees	<u>62</u>	<u>62</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
3 Financial income		
Other financial income	2,270	14,910
	<u>2,270</u>	<u>14,910</u>
4 Financial expenses		
Interest expenses, group entities	5,794	36,101
Other financial expenses	308,073	378,321
	<u>313,867</u>	<u>414,422</u>
5 Tax for the year		
Deferred tax adjustments in the year	-669,144	894,935
	<u>-669,144</u>	<u>894,935</u>

Financial statements 1 January - 31 December

Notes to the financial statements

6 Intangible assets

DKK	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2022	6,516,895	0	6,516,895
Additions in the year	0	2,037,725	2,037,725
Cost at 31 December 2022	6,516,895	2,037,725	8,554,620
Impairment losses and amortisation at 1 January 2022	4,827,862	0	4,827,862
Amortisation in the year	565,735	0	565,735
Impairment losses and amortisation at 31 December 2022	5,393,597	0	5,393,597
Carrying amount at 31 December 2022	1,123,298	2,037,725	3,161,023

7 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2022	4,142,087	0	4,142,087
Additions in the year	1,351,916	325,797	1,677,713
Cost at 31 December 2022	5,494,003	325,797	5,819,800
Impairment losses and depreciation at 1 January 2022	2,958,022	0	2,958,022
Depreciation in the year	954,429	0	954,429
Impairment losses and depreciation at 31 December 2022	3,912,451	0	3,912,451
Carrying amount at 31 December 2022	1,581,552	325,797	1,907,349

DKK	2022	2021
8 Work in progress for third parties		
Selling price of work performed	58,558,688	50,070,858
Progress billings	-55,066,326	-49,574,500
	<u>3,492,362</u>	<u>496,358</u>
recognised as follows:		
Work in progress for third parties (assets)	11,123,478	9,148,381
Work in progress for third parties (liabilities)	-7,631,116	-8,652,023
	<u>3,492,362</u>	<u>496,358</u>

Financial statements 1 January - 31 December**Notes to the financial statements**

Measurement of work in progress is based on an assessment of the stage of completion of the individual projects and expectations of the remaining performance of each individual contract, including the outcome of any disputes. The assessment of the project's stage of completion and economy, including disputes, is made individually for each project in cooperation between the Executive Board and the project management.

Estimates relating to the performance of future outstanding work depend on several factors. Moreover, the assumptions on which a project is based may change as the work progresses. Likewise, may the assessment of disputes change as the cases progress.

The actual outcome may therefore deviate from the expected outcome.

DKK	<u>2022</u>	<u>2021</u>
9 Deferred tax		
Deferred tax at 1 January	-1,769,059	-2,663,994
Adjustment for the year	-669,144	894,935
Deferred tax at 31 December	<u><u>-2,438,203</u></u>	<u><u>-1,769,059</u></u>

10 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, DKK 224,091, Contingents and subscriptions, DKK 316,858 and Tax related to vehicles, DKK 6,463.

11 Share capital

Analysis of the share capital:

2,500 shares of DKK 1,000.00 nominal value each	2,500,000	2,500,000
	<u>2,500,000</u>	<u>2,500,000</u>

The Company's share capital has remained DKK 2,500,000 in the past 5 years.

12 Non-current liabilities other than provisions

DKK	<u>Total debt at 31/12 2022</u>	<u>Repayment, next year</u>	<u>Long-term portion</u>	<u>Outstanding debt after 5 years</u>
Other payables	1,433,103	0	1,433,103	1,247,071
	<u>1,433,103</u>	<u>0</u>	<u>1,433,103</u>	<u>1,247,071</u>

Financial statements 1 January - 31 December**Notes to the financial statements****13 Contractual obligations and contingencies, etc.****Other financial obligations**

Other rent and lease liabilities:

DKK	2022	2021
Rent and lease liabilities	4,534,887	4,946,379

Rent and lease liabilities include a rent obligation totalling 1,793,903 DKK in interminable rent agreements with remaining contract terms of 2,5 years. Furthermore, the Company has liabilities under operating leases for vehicles and cars, totalling DKK 2,740,983 with remaining contract terms of 1-5 years.

14 Collateral

The Company has not provided any security or other collateral in assets at 31 December 2022.

15 Related parties

EDF Danmark A/S' related parties comprise the following:

Parties exercising control

Related party	Domicile	Basis for control
EDF International	Tour EDF, 20 Place de la Défense, 92800 Puteaux	Participating interest Shareholders' agreement Participating interest

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Parent	Domicile
EDF International	Tour EDF, 20 Place de la Défense, 92800 Puteaux

Related party transactions

EDF Danmark A/S was engaged in the below related party transactions:

DKK	2022	2021
Interest expenses	5,794	36,101
Purchase of services	684,552	2,073,245
Management fee	0	567,731
Payables to group entities	131,287	3,131,048

Ownership

The following shareholders are registered in the Company's register of shareholders as holding minimum 5% of the share capital:

Name	Domicile
EDF International	Tour EDF, 20 Place de la Défense, 92800 Puteaux, Frankrig

Financial statements 1 January - 31 December

Notes to the financial statements

DKK	<u>2022</u>	<u>2021</u>
16 Appropriation of profit/loss		
Recommended appropriation of profit/loss		
Retained earnings/accumulated loss	-2,379,850	2,961,660
	<u>-2,379,850</u>	<u>2,961,660</u>
17 Adjustments		
Amortisation/depreciation and impairment losses	1,520,164	1,830,849
Gain/loss on the sale of non-current assets	0	-40,356
Financial income	-2,270	-14,910
Financial expenses	313,867	414,422
Deferred tax	-669,144	894,935
	<u>1,162,617</u>	<u>3,084,940</u>
18 Changes in working capital		
Change in inventories	-2,718,259	-610,414
Change in receivables	-20,232,467	6,560,376
Change in trade and other payables	10,444,638	-2,693,636
Other changes in working capital	-3,275,991	3,158,907
	<u>-15,782,079</u>	<u>6,415,233</u>
19 Cash and cash equivalents at year-end		
Cash according to the balance sheet	7,185,277	30,922,588
	<u>7,185,277</u>	<u>30,922,588</u>