

EDF Danmark A/S

Jernholmen 47A, 2650 Hvidovre

CVR no. 35 40 45 46

Annual report 2023

Approved at the Company's annual general meeting on 21 June 2024

Chair of the meeting:

DocuSigned by:
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 2023.

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

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

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, 21 June 2024
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:
Loic Michel Savoyen
.....BEA0C5372846B7.....
Loic Michel Savoyen

DocuSigned by:
D. Dupouy
.....FF2D4668B86242A.....
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 2023 comprising 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 Company's assets, liabilities and financial position at 31 December 2023 and of the results of the Company's operations and cash flows for the financial year 1 January – 31 December 2023 in accordance with the Danish Financial Statements Act.

Basis for opinion

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Independent auditor's report

- ▶ conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- ▶ evaluate the overall presentation, structure and contents of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that gives a true and fair view.

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

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, 21 June 2024
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 Loic Michel Savoyen Daniel Thierry Didier Dupouy
Executive Board	Henrik Rasmussen
Auditors	KPMG Statsautoriseret Revisionspartnerselskab Dampfærgevej 28, 2100 Copenhagen

Management's review

Financial highlights

DKK'000	2023	2022	2021	2020	2019
Key figures					
Revenue	122,340	110,121	100,522	97,297	85,774
Gross profit	12,925	25,370	32,967	35,146	31,921
Profit before interest and tax (EBIT)	-18,212	-2,737	4,256	9,215	8,249
Net financials	-420	-312	-400	-263	-240
Profit/loss for the year	-14,535	-2,380	2,962	9,195	9,463
Balance sheet					
Total assets	106,133	72,080	68,058	65,572	54,300
Investments in property, plant and equipment	-7,226	-1,678	-378	-1,588	-738
Equity	19,293	33,829	36,208	33,247	24,052
Financial ratios					
Operating margin	-14.9%	-2.5%	4.2%	9.5 %	9.6 %
Gross margin	10.6%	23.0%	32.8%	36.1%	37.2%
Equity ratio	18.2%	46.9%	53.2%	50.7%	44.3%
Return on equity	-54.7%	-6.8%	8.5%	32.1%	49.0%
Personnel					
Average number of full-time employees	69	62	62	54	46

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 10 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. In 2023 EDF Denmark also introduced a new business segment focusing on EV charging, where EDF has successfully won a number of public tenders for EV chargers mainly in the greater Copenhagen area.

Financial review

In 2023, the Company's revenue came in at DKK 122,340 thousand. The income statement for 2023 shows a loss of DKK 14,535 thousand, and the balance sheet at 31 December 2023 shows equity of DKK 19,293 thousand.

In management's view the Company's financial performance of 2023 remains impacted by inflationary environment from especially 2022. As expected, profitability in 2023 has been under pressure as we have seen in previous years, but we remain optimistic towards reaching improved profitability levels in 2024. It is important to note that sales numbers showed a very strong growth against the previous year, driven by an increased activity level related to services in projects and renewals.

For 2023, a slight negative net profit level was expected, driven by lowered margins from high material and service prices, in combination with remnants of supply chain delays resulting in a certain degree of deferred profits. The negative 2023 result is highly impacted by a large loss-making renewal project, which has led to provisions made for expected losses during finalization in spring of 2024 being booked into 2023. The project has been highly impacted by unforeseen price increases on materials as well as higher than expected labor costs.

Additionally, the tight situation in the job market has continued into 2023 and has led to increased staff rotation in critical roles and temporary inefficiencies for the first half of 2023. In response and with the aim of gaining operational efficiencies a new IT system and number of IT tools were implemented causing significant level of one-off costs throughout the year. Especially for 2024 it is expected to harvest and gain advantage on these initiatives.

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 2023, the Company has been increasing staff to meet the growing demand and activity level and to fulfil contractual obligations for the core business. 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 build the relevant skills.

Financial risks and use of financial instruments

The significant inflationary pressure in 2022 and 2023, as well as energy crisis in Europe continues to result in increased costs of commodities, fuels, and labor. Interest rates and costs for financing new business activities has increased compared to previous years. All the above putting pressure on profitability of the business and curb core business development.

Management's review

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 decarbonization of Danish leading municipalities. We continue to develop our partnerships within intelligent communication platforms developers, aggregating best possible solutions to the benefit of our clients. Additionally, we continue our focus on decarbonization and digitalization topics, building on the many opportunities that exist in EV charging, rooftop solar, energy storage and other solutions.

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 2024 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 2024, tapping into effects from government legislation and environmental targets speeding up the development of clean technologies, while the government and municipalities continue to drive towards more energy efficiency. The market outlook is hence positive with a continuous strong demand for the products and services offered or targeted to be offered by EDF Denmark.

We plan to grow our sales to a range of 125-130m DKK and record net profitability in the range of - 2.5% - 0.5% of sales.

Financial statements 1 January - 31 December

Income statement

Note	DKK	2023	2022
	Revenue	122,339,675	110,120,847
	Cost of sales	-92,477,652	-72,364,602
	Other external expenses	-16,937,258	-12,385,888
	Gross profit	12,924,765	25,370,357
2	Staff costs	-29,235,304	-26,553,151
	Amortisation/depreciation and impairment of intangible assets and property, plant and equipment	-1,869,346	-1,520,164
	Other operating expenses	-32,188	-34,439
	Profit/loss before net financials	-18,212,073	-2,737,397
3	Financial income	78,546	2,270
4	Financial expenses	-498,537	-313,867
	Profit/loss before tax	-18,632,064	-3,048,994
5	Tax for the year	4,096,593	669,144
	Profit/loss for the year	-14,535,471	-2,379,850

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	ASSETS		
	Fixed assets		
7	Intangible assets		
	Acquired intangible assets	3,762,034	1,123,298
	Development projects in progress and prepayments for intangible assets	779,572	2,037,725
		<u>4,541,606</u>	<u>3,161,023</u>
8	Property, plant and equipment		
	Other fixtures and fittings, tools and equipment	1,032,049	1,581,552
	Property, plant and equipment in progress	7,108,899	325,797
		<u>8,140,948</u>	<u>1,907,349</u>
	Total fixed assets	<u>12,682,554</u>	<u>5,068,372</u>
	Non-fixed assets		
	Inventories		
	Raw materials and consumables	14,814,457	9,730,507
		<u>14,814,457</u>	<u>9,730,507</u>
	Receivables		
	Trade receivables	39,377,140	35,412,787
9	Work in progress for third parties	4,478,799	11,123,478
10	Deferred tax assets	6,534,796	2,438,203
	Income taxes receivable	56,000	56,000
	Other receivables	568,799	518,042
11	Prepayments	594,150	547,411
		<u>51,609,684</u>	<u>50,095,921</u>
	Cash	<u>27,025,570</u>	<u>7,185,277</u>
	Total non-fixed assets	<u>93,449,711</u>	<u>67,011,705</u>
	TOTAL ASSETS	<u>106,132,265</u>	<u>72,080,077</u>

Financial statements 1 January - 31 December

Balance sheet

Note	DKK	2023	2022
	EQUITY AND LIABILITIES		
	Equity		
12	Share capital	2,500,000	2,500,000
	Retained earnings	16,793,164	31,328,635
	Total equity	<u>19,293,164</u>	<u>33,828,635</u>
	Liabilities other than provisions		
13	Non-current liabilities other than provisions		
	Other payables	1,437,552	1,433,103
		<u>1,437,552</u>	<u>1,433,103</u>
	Current liabilities other than provisions		
9	Work in progress for third parties	15,879,074	7,631,116
	Trade payables	24,339,176	20,784,243
	Payables to group entities	37,813,393	131,287
	Other payables	7,369,906	8,271,693
		<u>85,401,549</u>	<u>36,818,339</u>
	Total liabilities other than provisions	<u>86,839,101</u>	<u>38,251,442</u>
	TOTAL EQUITY AND LIABILITIES	<u><u>106,132,265</u></u>	<u><u>72,080,077</u></u>

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

Financial statements 1 January - 31 December

Statement of changes in equity

Note	DKK	Share capital	Retained earnings	Total
	Equity at 1 January 2022	2,500,000	33,708,485	36,208,485
6	Transfer, see "Appropriation of profit/loss"	0	-2,379,850	-2,379,850
	Equity at 1 January 2023	2,500,000	31,328,635	33,828,635
6	Transfer, see "Appropriation of profit/loss"	0	-14,535,471	-14,535,471
	Equity at 31 December 2023	2,500,000	16,793,164	19,293,164

Financial statements 1 January - 31 December

Cash flow statement

Note	DKK	2023	2022
	Profit/loss for the year	-14,535,471	-2,379,850
17	Adjustments	-1,807,293	1,162,617
	Cash generated from operations (operating activities)	-16,342,764	-1,217,233
18	Changes in working capital	8,404,434	-15,456,282
	Cash generated from operations (operating activities)	-7,938,330	-16,673,515
	Interest received, etc.	78,546	2,270
	Interest paid, etc.	-498,537	-313,867
	Income taxes paid	0	-37,000
	Cash flows from operating activities	-8,358,321	-17,022,112
	Additions of intangible assets and development costs	-2,257,037	-2,037,725
	Additions of property, plant and equipment	-7,226,455	-1,677,713
	Cash flows to investing activities	-9,483,492	-3,715,438
	Repayments, borrowings from group enterprises	37,682,106	-2,999,761
	Cash flows from financing activities	37,682,106	-2,999,761
	Net cash flow	19,840,293	-23,737,311
	Cash and cash equivalents at 1 January	7,185,277	30,922,588
19	Cash and cash equivalents at 31 December	27,025,570	7,185,277

Financial statements 1 January - 31 December

Notes to the financial statements

1 Accounting policies

The annual report of EDF Danmark A/S for 2023 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.

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
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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
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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

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.

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

The Company has chosen IAS 39 as interpretation for 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	$\frac{\text{Operating profit/loss (EBIT)} \times 100}{\text{Revenue}}$
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	$\frac{\text{Profit/loss after tax} \times 100}{\text{Average equity}}$

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Notes to the financial statements

DKK	2023	2022
2 Staff costs		
Wages/salaries	40,986,108	34,669,362
Pensions	3,494,158	2,760,704
Other social security costs	156,530	140,308
Other staff costs	0	2,729,433
Staff costs transferred to cost of sales	-15,401,492	-13,746,656
	<u>29,235,304</u>	<u>26,553,151</u>
Average number of full-time employees	<u>69</u>	<u>62</u>
By reference to section 98b(3), (ii), of the Danish Financial Statements Act, remuneration to Management is not disclosed.		
Part of the remuneration to the Company's Executive Board is paid by the parent Company.		
3 Financial income		
Other financial income	78,546	2,270
	<u>78,546</u>	<u>2,270</u>
4 Financial expenses		
Interest expenses, group entities	231,409	5,794
Other financial expenses	267,128	308,073
	<u>498,537</u>	<u>313,867</u>
5 Tax for the year		
Deferred tax adjustments in the year	-4,096,593	-669,144
	<u>-4,096,593</u>	<u>-669,144</u>
6 Appropriation of profit/loss		
Recommended appropriation of profit/loss	-14,535,471	-2,379,850
Retained earnings/accumulated loss	<u>-14,535,471</u>	<u>-2,379,850</u>

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Notes to the financial statements

7 Intangible assets

DKK	Acquired intangible assets	Development projects in progress and prepayments for intangible assets	Total
Cost at 1 January 2023	6,516,895	2,037,725	8,554,620
Additions in the year	1,477,464	779,572	2,257,036
Transfer from other accounts	2,037,725	-2,037,725	0
Cost at 31 December 2023	10,032,084	779,572	10,811,656
Impairment losses and amortisation at 1 January 2023	5,393,597	0	5,393,597
Amortisation in the year	876,453	0	876,453
Impairment losses and amortisation at 31 December 2023	6,270,050	0	6,270,050
Carrying amount at 31 December 2023	3,762,034	779,572	4,541,606

8 Property, plant and equipment

DKK	Other fixtures and fittings, tools and equipment	Property, plant and equipment in progress	Total
Cost at 1 January 2023	5,494,003	325,797	5,819,800
Additions in the year	117,556	7,108,899	7,226,455
Transfer from other accounts	325,797	-325,797	0
Cost at 31 December 2023	5,937,356	7,108,899	13,046,255
Impairment losses and depreciation at 1 January 2023	3,912,451	0	3,912,451
Depreciation in the year	992,856	0	992,856
Impairment losses and depreciation at 31 December 2023	4,905,307	0	4,905,307
Carrying amount at 31 December 2023	1,032,049	7,108,899	8,140,948

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Notes to the financial statements

DKK	2023	2022
9 Work in progress for third parties		
Selling price of work performed	59,509,580	58,558,688
Progress billings	<u>-70,909,855</u>	<u>-55,066,326</u>
	<u>-11,400,275</u>	<u>3,492,362</u>
recognised as follows:		
Work in progress for third parties (assets)	4,478,799	11,123,478
Work in progress for third parties (liabilities)	<u>-15,879,074</u>	<u>-7,631,116</u>
	<u>-11,400,275</u>	<u>3,492,362</u>

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	2023	2022
10 Deferred tax		
Deferred tax at 1 January	-2,438,203	-1,769,059
Adjustment for the year	<u>-4,096,593</u>	<u>-669,144</u>
Deferred tax at 31 December	<u>-6,534,796</u>	<u>-2,438,203</u>

The total tax asset of 31 December 2023 amounting to DKK 6,535 thousand primarily relates to timing differences in respect of intangible assets and property, plant and equipment and tax loss carryforwards. The valuation of deferred tax is based on estimates, and thus there are uncertainties to the amount recognised.

11 Prepayments

Prepayments include accrual of expenses relating to subsequent financial years, including insurance policies, DKK 116,779, Contingents and subscriptions, DKK 309,201, Leasing, DKK 130,994 and charges to Tax related to vehicles, DKK 37,176.

12 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.

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Notes to the financial statements

13 Non-current liabilities other than provisions

DKK	Total debt at 31/12 2023	Short-term portion	Long-term portion	Outstanding debt after 5 years
Other payables	1,437,552	0	1,437,552	1,290,718
	1,437,552	0	1,437,552	1,290,718

14 Contractual obligations and contingencies, etc.

Other financial obligations

Other rent and lease liabilities:

DKK	2023	2022
Rent and lease liabilities	3,254,947	4,534,887

Rent and lease liabilities include a rent obligation totalling 648,748 DKK in interminable rent agreements with remaining contract terms of 6 months. Furthermore, the Company has liabilities under operating leases for vehicles and cars, totalling DKK 2,606,199 with remaining contract terms of 1-5 years.

15 Security and collateral

The Company has not provided any security or other collateral in assets at 31 December 2023.

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16 Related parties

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

Parties exercising control

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

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<u>Parent</u>	<u>Domicile</u>
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	<u>2023</u>	<u>2022</u>
Interest expenses	231,409	5,794
Purchase of services	547,428	684,552
Payables to group entities	37,813,393	131,287

Ownership

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

<u>Name</u>	<u>Domicile</u>
EDF International	Tour EDF, 20 Place de la Défense, 92800 Puteaux, Frankrig

17 Adjustments

Amortisation/depreciation and impairment losses	1,869,309	1,520,164
Financial income	-78,546	-2,270
Financial expenses	498,537	313,867
Deferred tax	-4,096,593	-669,144
	<u>-1,807,293</u>	<u>1,162,617</u>

18 Changes in working capital

Change in inventories	-5,083,950	-2,718,259
Change in receivables	-3,964,353	-20,232,467
Change in trade and other payables	2,560,099	10,441,154
Change in work in progress	14,892,638	-2,946,710
	<u>8,404,434</u>	<u>-15,456,282</u>

19 Cash and cash equivalents at year-end

Cash according to the balance sheet	<u>27,025,570</u>	<u>7,185,277</u>
	<u>27,025,570</u>	<u>7,185,277</u>