ABB Power Grids Denmark A/S

Meterbuen 33 2740 Skovlunde CVR No. 39856638

Annual report 01.01.2020 - 31.03.2021

The Annual General Meeting adopted the annual report on 02.07.70277

Frank Johan Söderström

Chairman

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Entity details

Entity

ABB Power Grids Denmark A/S Meterbuen 33 2740 Skovlunde

CVR No.: 39856638

Date of foundation: 12.09.2018 Registered office: Ballerup

Financial year: 01.01.2020 - 31.03.2021

Board of Directors

Frank Johan Söderström Carl Peter Jansson Claus Madsen

Executive Board

Claus Madsen

Auditors

EY Godkendt Revisionspartnerselskab Dirch Passers Allé 36, 2000 Frederiksberg CVR No.: 30700228



Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of ABB Power Grids Denmark A/S for the financial year 01.01.2020 - 31.03.2021.

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

In our opinion, the financial statements give a true and fair view of the Entity's financial position at 31.03.2021 and of the results of its operations and cash flows for the financial year 01.01.2020 - 31.03.2021.

We believe that the management commentary contains a fair review of the affairs and conditions referred to therein.

We recommend the annual report for adoption at the Annual General Meeting.

Skovlunde, 02.07.2021

Executive Board

Claus Madsen

Board of Directors

Frank Johan Söderström

Claus Madsen

arl Peter lanssor



Independent auditor's report

To the shareholders of ABB Power Grids Denmark A/S

Opinion

We have audited the financial statements of ABB Power Grids Denmark A/S for the financial year 1 January 2020 – 31 March 2021, which comprise income statement, balance sheet, statement of changes in equity, cash flow statement, notes and 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 March 2021 and of the results of the Company's operations and cash flows for the financial year 1 January 2020 – 31 March 2021 in accordance with the Danish Financial Statements Act.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and 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' Code of Ethics for Professional Accountants (IESBA Code) and additional requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these rules and requirements.

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 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 additional requirements applicable in Denmark, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.



Independent auditor's report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the financial statements, including the 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, 02.07.2021

EY Godkendt Revisionspartnerselskab

CVR No. 30700228

Alex Petersen

State Authorised Public Accountant Identification No (MNE) mne28604

Management commentary

Financial highlights

| | 2020/21 | 2018/19 |
|--|----------|----------|
| | DKK'000 | DKK'000 |
| Key figures | | |
| Revenue | 744,123 | 171,909 |
| Gross profit/loss | 34,611 | 2,988 |
| Operating profit/loss | (79,996) | (2,702) |
| Net financials | (1,868) | (191) |
| Profit/loss for the year | (63,861) | (2,265) |
| Total assets | 453,758 | 594,374 |
| Investments in property, | 903 | 360 |
| plant and equipment | | |
| Equity | 88,874 | 112,735 |
| Cash flows from (used in) operating activities | (26,752) | (31,336) |
| Cash flows from (used in) investing activities | (1,466) | (68,159) |
| Cash flows from (used in) financing activities | 40,000 | 115,000 |
| Ratios | | |
| Gross margin (%) | 4.65 | 1.74 |
| EBIT margin (%) | (10.75) | (1.57) |
| Net margin (%) | (8.58) | (1.32) |
| Equity ratio (%) | 19.59 | 18.97 |

Financial highlights are defined and calculated in accordance with the current version of "Recommendations & Ratios" issued by the CFA Society Denmark.

Note that 2018/19 comprises of 2 months with activity. 2020/21 comprises of 15 months.

Gross margin (%):

Gross profit/loss * 100

Revenue

EBIT margin (%):

Operating profit/loss * 100

Revenue

Net margin (%):

Profit/loss for the year * 100

Revenue



Equity ratio (%):

Equity * 100

Total assets



Primary activities

ABB Power Grids Denmark A/S is part of the Hitachi Group.

On 17.12.2018 it was announced that the Hitachi Group would acquire 80,1% of the Power Grids business from the ABB Group. Consequently the activities in the Danish part of the Power Grids Division was sold from ABB A/S to ABB Power Grids Denmark A/S and the acquisition on Group level was finalized the 01.07.2020.

The Power Grids business provides product, systems, software and services solutions across the power value chain that are designed to meet the growing demand for electricity with minimum environmental impact.

ABB Power Grids Denmark A/S will primarily serve the Utility, Renevables, Transportation & Infrastructure- and Industry sector with Power technology equipment as well as Control, Scada and Digital solutions, helping the planning, delivering and servicing the Assets throughout the life cycle.

Development in activities and finances

During the year, ABB Power Grids Denmark A/S changed its financial year. To adapt to the Hitachi Group's fiscal year, which is April 1 to March 31, the company has chosen to extend its financial year 2020 to 15 months. The financial year for the 15 months covers the period 1 January 2020 up to and including 31 March 2021. The comparison year 2018/19 comprises two months of activity since the acquisition of the PG division on 01.11.2019.

The financial result for the extended financial year was mainly negatively affected by the transition of the business in a challenged market and the write-down of goodwill 58,716 DKK 000.

In order to consolidate ABB Power Grids Denmark A/S, the HitachiGroup made a capital injection of 40,000 DKK'000 on 10.03.2021

Outlook

ABB Power Grids Denmark A / S will continue to be a world-leading supplier of power and automation products, systems and service solutions for the entire value chain. With innovative technology we will continue to create the sustainable energy landscape of the future to enable a stronger, smarter and greener grid. Demand for energy transmission, integrating renewable energy and connecting countries' electricity networks continues increase at the same time as industries and entire societies are increasingly electrified, this means that we are right positioned with an attractive offering that drives profitable growth. It is the expectation to see an increase in sales over time resulting in an increased order intake and Revenue by the end of next year. The Power Grids group expect the ABB Power Grids Denmark A/S will start to show profit in 2021 in the range of 2-4 MDKK.

Management will continue to monitor and evaluate the COVID-19 situation during the 2021/22 financial year.

Particular risks

Business risks:

The company has no particular risk apart from the usual risk within the business.

Financial risks

As a result of the business, the company is exposed to changes in the currency exchange rates and the level of interest. The parent group controls the financial risks in the group centrally and coordinates the cash management of the group.



Intellectual capital resources

It is the company's objective to possess the latest knowledge. To meet this, it is crucial that the company continues to be able to recruit and retain highly qualified employees. Therefore we continuously invest in personal and professional development of our employees.

Environmental performance

We seek to minimize the company's environmental footprint and to conduct our business in a socially responsible and sustainable manner. Both the working environment and the external environment are monitored.

Events after the balance sheet date

No events have occurred after the balance sheet date to this date, which would influence the evaluation of this annual report.



Income statement for 2020/21

| | | 2020/21 | 2018/19 |
|--|-------|-----------|-----------|
| | Notes | DKK'000 | DKK '000 |
| Revenue | | 744,123 | 171,909 |
| Costs of raw materials and consumables | | (678,303) | (164,197) |
| Other external expenses | | (31,209) | (4,724) |
| Gross profit/loss | | 34,611 | 2,988 |
| Staff costs | 2 | (47,141) | (4,538) |
| Depreciation, amortisation and impairment losses | 3 | (67,466) | (1,152) |
| Operating profit/loss | | (79,996) | (2,702) |
| Other financial income | | 28 | 0 |
| Other financial expenses | 4 | (1,896) | (191) |
| Profit/loss before tax | | (81,864) | (2,893) |
| Tax on profit/loss for the year | 5 | 18,003 | 628 |
| Profit/loss for the year | 6 | (63,861) | (2,265) |



Balance sheet at 31.03.2021

Assets

| | Notes | 2020/21 DKK'000 | 2018/19 DKK'000 |
|--|-------|--------------------|--------------------|
| Goodwill | | 0 | 66,670 |
| Intangible assets | 7 | 0 | 66,670 |
| Other fixtures and fittings, tools and equipment | | 999 | 331 |
| Leasehold improvements | | 0 | 8 |
| Property, plant and equipment | 8 | 999 | 339 |
| Other receivables | | 10 | 0 |
| Deferred tax | 10 | 8,944 | 0 |
| Financial assets | 9 | 8,954 | 0 |
| | | | |
| Fixed assets | | 9,953 | 67,009 |
| Manufactured goods and goods for resale | | 6,314 | 3,154 |
| Inventories | | 6,314 | 3,154 |
| Trade receivables | | 205,121 | 62,860 |
| Contract work in progress | 11 | 92,348 | 395,871 |
| Receivables from group enterprises | 12 | 102,368 | 46,898 |
| Other receivables | | 3,826 | 0 |
| Joint taxation contribution receivable | | 6,541 | 3,077 |
| Receivables | | 410,204 | 508,706 |
| Cash | 13 | 27,287 | 15,505 |
| Current assets | | 443,805 | 527,365 |
| Assets | | 453,758 | 594,374 |

Equity and liabilities

| | Notes | 2020/21 DKK'000 | 2018/19 DKK'000 |
|---|-------|--------------------|--------------------|
| Contributed capital | | 10,000 | 1,000 |
| Retained earnings | | 78,874 | 111,735 |
| Equity | | 88,874 | 112,735 |
| Deferred tax | 10 | 0 | 2,449 |
| Other provisions | 14 | 3,740 | 4,679 |
| Provisions | | 3,740 | 7,128 |
| Prepayments received from customers | | 684 | 9,746 |
| Contract work in progress | 11 | 23,543 | 45,514 |
| Trade payables | | 5,473 | 9,095 |
| Payables to group enterprises | | 322,095 | 395,950 |
| Other payables | | 9,349 | 14,206 |
| Current liabilities other than provisions | | 361,144 | 474,511 |
| Liabilities other than provisions | | 361,144 | 474,511 |
| Equity and liabilities | | 453,758 | 594,374 |
| Unusual circumstances | 1 | | |
| Contingent liabilities | 16 | | |
| Related parties with controlling interest | 17 | | |
| Transactions with related parties | 18 | | |
| | | | |

Statement of changes in equity for 2020/21

| | Contributed capital DKK'000 | Retained earnings DKK'000 | Total DKK'000 |
|--------------------------|-----------------------------------|---------------------------------|------------------|
| Equity beginning of year | 1,000 | 111,735 | 112,735 |
| Increase of capital | 9,000 | 31,000 | 40,000 |
| Profit/loss for the year | 0 | (63,861) | (63,861) |
| Equity end of year | 10,000 | 78,874 | 88,874 |

10.03.2021 an extraordinary general meeting was held and the company's share capital was raised from 1,000 t.DKK to 10,000 t.DKK by cash payment of 40,000 t.DKK.



Cash flow statement for 2020/21

| Operating profit/loss (79,996) (2,702) Amortisation, depreciation and impairment losses 67,466 1,152 Working capital changes 15 (15,500) (29,595) Cash flow from ordinary operating activities (28,030) (31,145) Financial income received 28 0 Financial expenses paid (1,896) (191) Taxes refunded/(paid) 3,146 0 Cash flows from operating activities (26,752) (31,336) Acquisition etc of intangible assets (553) (67,800) Acquisition etc of property, plant and equipment (903) (359) Additions of financial assets (10) 0 Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing (28,218) (99,495) Free cash flows from financing activities 40,000 115,000 Cash flows from financing activities 11,782 15,505 Cash and cash equivalents beginning of year 15,505 0 Cash and cash equivalents end of year 27,287 <th></th> <th>Notes</th> <th>2020/21 DKK'000</th> <th>2018/19 DKK'000</th> | | Notes | 2020/21 DKK'000 | 2018/19 DKK'000 |
|--|--|--------|--------------------|--------------------|
| Amortisation, depreciation and impairment losses Working capital changes 15 (15,500) (29,595) Cash flow from ordinary operating activities (28,030) (31,145) Financial income received 28 (0 Financial expenses paid (1,896) (191) Taxes refunded/(paid) 3,146 (0 Cash flows from operating activities (26,752) (31,336) Acquisition etc of intangible assets (553) (67,800) Acquisition etc of property, plant and equipment (903) (359) Additions of financial assets (10) (0 Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing Cash flows from financing activities (1,760) Cash and cash equivalents beginning of year (15,505) Cash and cash equivalents beginning of year (27,287) 15,505 Cash and cash equivalents at year-end are composed of: Cash and cash equivalents at year-end are composed of: Cash and cash equivalents at year-end are composed of: | Operating profit/loss | 110103 | | |
| Working capital changes 15 (15,500) (29,595) Cash flow from ordinary operating activities (28,030) (31,145) Financial income received 28 (1,896) (191) Taxes refunded/(paid) 3,146 (26,752) (31,336) Cash flows from operating activities (26,752) (31,336) Acquisition etc of intangible assets (553) (67,800) Acquisition etc of property, plant and equipment (903) (359) Additions of financial assets (10) (0 Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing (28,218) (99,495) Cash increase of capital 40,000 115,000 Cash flows from financing activities 40,000 115,000 Increase/decrease in cash and cash equivalents 11,782 15,505 Cash and cash equivalents beginning of year 15,505 00 Cash and cash equivalents end of year 27,287 15,505 Cash and cash equivalents at year-end are composed of: 27,287 15,505 | | | | |
| Cash flow from ordinary operating activities(28,030)(31,145)Financial income received280Financial expenses paid(1,896)(191)Taxes refunded/(paid)3,1460Cash flows from operating activities(26,752)(31,336)Acquisition etc of intangible assets(553)(67,800)Acquisition etc of property, plant and equipment(903)(359)Additions of financial assets(10)0Cash flows from investing activities(1,466)(68,159)Free cash flows generated from operations and investments before financing(28,218)(99,495)Cash increase of capital40,000115,000Cash flows from financing activities40,000115,000Increase/decrease in cash and cash equivalents11,78215,505Cash and cash equivalents beginning of year15,5050Cash and cash equivalents end of year27,28715,505Cash and cash equivalents at year-end are composed of:27,28715,505 | | 15 | | |
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| Financial expenses paid (1,896) (191) Taxes refunded/(paid) 3,146 0 Cash flows from operating activities (26,752) (31,336) Acquisition etc of intangible assets (553) (67,800) Acquisition etc of property, plant and equipment (903) (359) Additions of financial assets (10) 0 Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing Cash increase of capital 40,000 115,000 Cash flows from financing activities 40,000 115,000 Increase/decrease in cash and cash equivalents 11,782 15,505 Cash and cash equivalents beginning of year 15,505 0 Cash and cash equivalents at year-end are composed of: Cash and cash equivalents at year-end are composed of: Cash and cash equivalents at year-end are composed of: | Financial income received | | 20 | 0 |
| Taxes refunded/(paid) Cash flows from operating activities (26,752) (31,336) Acquisition etc of intangible assets Acquisition etc of property, plant and equipment Additions of financial assets (10) Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing Cash increase of capital Ad,000 Cash flows from financing activities (1,700) Cash flows from financing activities (28,218) (29,495) Increase/decrease in cash and cash equivalents 11,782 15,505 Cash and cash equivalents beginning of year Cash and cash equivalents end of year Cash and cash equivalents at year-end are composed of: Cash 27,287 15,505 | | | | |
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| Acquisition etc of property, plant and equipment (903) (359) Additions of financial assets (10) 0 Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing Cash increase of capital 40,000 115,000 Cash flows from financing activities 40,000 115,000 Increase/decrease in cash and cash equivalents 11,782 15,505 Cash and cash equivalents beginning of year 15,505 0 Cash and cash equivalents end of year 27,287 15,505 Cash and cash equivalents at year-end are composed of: Cash and cash equivalents at year-end are composed of: | Acquisition etc of intangible assets | | (553) | (67,800) |
| Additions of financial assets (10) 0 Cash flows from investing activities (1,466) (68,159) Free cash flows generated from operations and investments before financing (28,218) (99,495) Cash increase of capital 40,000 115,000 Cash flows from financing activities 40,000 115,000 Increase/decrease in cash and cash equivalents 11,782 15,505 Cash and cash equivalents beginning of year 15,505 0 Cash and cash equivalents end of year 27,287 15,505 Cash and cash equivalents at year-end are composed of: Cash and cash equivalents at year-end are composed of: | Acquisition etc of property, plant and equipment | | | (359) |
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| investments before financing Cash increase of capital 40,000 115,000 Cash flows from financing activities 40,000 115,000 Increase/decrease in cash and cash equivalents 11,782 15,505 Cash and cash equivalents beginning of year 15,505 0 Cash and cash equivalents end of year 27,287 15,505 Cash and cash equivalents at year-end are composed of: Cash | Cash flows from investing activities | | (1,466) | (68,159) |
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| Cash flows from financing activities40,000115,000Increase/decrease in cash and cash equivalents11,78215,505Cash and cash equivalents beginning of year15,5050Cash and cash equivalents end of year27,28715,505Cash and cash equivalents at year-end are composed of:27,28715,505 | investments before financing | | | |
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| Cash and cash equivalents end of year 27,287 15,505 Cash and cash equivalents at year-end are composed of: Cash 27,287 15,505 | Increase/decrease in cash and cash equivalents | | 11,782 | 15,505 |
| Cash and cash equivalents end of year 27,287 15,505 Cash and cash equivalents at year-end are composed of: Cash 27,287 15,505 | Cash and cash equivalents beginning of year | | 15.505 | 0 |
| Cash and cash equivalents at year-end are composed of: Cash 27,287 15,505 | | | | • |
| Cash 27,287 15,505 | | | • | |
| 27,207 | Cash and cash equivalents at year-end are composed of: | | | |
| Cash and cash equivalents end of year 27,287 15,505 | Cash | | 27,287 | 15,505 |
| | Cash and cash equivalents end of year | | 27,287 | 15,505 |



Notes

1 Unusual circumstances

As mentioned in the Management commentary the loss for the year is affected by the write-down of goodwill 58,716 DKKK'000

2 Staff costs

| | 2020/21 | 2018/19 |
|---------------------------------------|---------|---------|
| | DKK'000 | DKK'000 |
| Wages and salaries | 43,606 | 4,167 |
| Pension costs | 3,093 | 312 |
| Other social security costs | 442 | 59 |
| | 47,141 | 4,538 |
| Average number of full-time employees | 40 | 38 |

No fee has been paid to the board of directors. With reference to section 98B (3) of the danish financial statement act remuneration to management is not disclosed.

3 Depreciation, amortisation and impairment losses

| | 2020/21 DKK'000 | |
|---|--------------------|-------|
| | | |
| Amortisation of intangible assets | 8,507 | 1,130 |
| Impairment losses on intangible assets | 58,716 | 0 |
| Depreciation of property, plant and equipment | 243 | 22 |
| | 67,466 | 1,152 |

4 Other financial expenses

| | 2020/21 DKK'000 | 2018/19 DKK'000 |
|---|--------------------|--------------------|
| | | |
| Financial expenses from group enterprises | 23 | 28 |
| Other interest expenses | 231 | 0 |
| Exchange rate adjustments | 1,642 | 0 |
| Other financial expenses | 0 | 163 |
| | 1,896 | 191 |



5 Tax on profit/loss for the year

| | 2020/21 | 2018/19 |
|---|--------------------|--------------------|
| | DKK'000 | DKK'000 |
| Current tax | (6,541) | (3,077) |
| Change in deferred tax | (11,462) | 2,449 |
| | (18,003) | (628) |
| A | | |
| 6 Proposed distribution of profit and loss | | |
| 6 Proposed distribution of profit and loss | 2020/21 | 2018/19 |
| 6 Proposed distribution of profit and loss | 2020/21 DKK'000 | 2018/19 DKK'000 |
| 6 Proposed distribution of profit and loss Retained earnings | | |

7 Intangible assets

| | Goodwill DKK'000 |
|--|---------------------|
| Cost beginning of year | 67,800 |
| Additions | 553 |
| Cost end of year | 68,353 |
| Amortisation and impairment losses beginning of year | (1,130) |
| Impairment losses for the year | (58,716) |
| Amortisation for the year | (8,507) |
| Amortisation and impairment losses end of year | (68,353) |
| Carrying amount end of year | 0 |

8 Property, plant and equipment

| | Other fixtures and fittings, tools and equipment DKK'000 | Leasehold improvements DKK'000 |
|--|--|--------------------------------------|
| Cost beginning of year | 351 | 9 |
| Additions | 903 | 0 |
| Cost end of year | 1,254 | 9 |
| Depreciation and impairment losses beginning of year | (20) | (1) |
| Depreciation for the year | (235) | (8) |
| Depreciation and impairment losses end of year | (255) | (9) |
| Carrying amount end of year | 999 | 0 |



9 Financial assets

| | Other |
|--|------------------------|
| | receivables DKK'000 |
| Additions | 10 |
| Cost end of year | 10 |
| Carrying amount end of year | 10 |
| 10 Deferred tax | |
| | 2020/21 DKK'000 |
| Intangible assets | 10,230 |
| Receivables | (1,286) |
| Deferred tax | 8,944 |
| Changes during the year | 2020/21 DKK'000 |
| Beginning of year | (2,449) |
| Adjustment of the deferred tax charge for the year | 11,393 |
| End of year | 8,944 |

11 Contract work in progress

| | 2020/21 | 2018/19 |
|---|-----------|-----------|
| | DKK'000 | DKK'000 |
| Contract work in progress | 618,955 | 595,198 |
| Progress billings regarding contract work in progress | (550,150) | (244,841) |
| Transferred to liabilities other than provisions | 23,543 | 45,514 |
| | 92,348 | 395,871 |

12 Receivables from group enterprises

Receivables from group enterprices include 30,000 tDKK, cash deposited whithin the group.

13 Cash

As at 31.03.2021, 30,000 tDKK is deposited within the group and included in receivables from group enterprises.



14 Other provisions

| | | 2020/21 |
|---|--------------------|--------------------|
| | | DKK'000 |
| Warranty provisions | | 806 |
| Provisions for contracts in progress | | 1 |
| Other provisions | | 2,933 |
| | | 3,740 |
| Provision beginning of year | | 4,679 |
| Used during the year | | (2,515) |
| Reversed during the year | | (1,580) |
| Provision for the year | | 3,156 |
| | | 3,740 |
| Provision are expected to mature within | | |
| 0-1 year | | 1,692 |
| 2-4 years | | 2011 |
| > 5 years | | 37 |
| | | 3,740 |
| 15 Changes in working capital | | |
| | 2020/21 DKK'000 | 2018/19 DKK'000 |
| Increase/decrease in inventories | (3,160) | (3,154) |
| Increase/decrease in receivables | 101,966 | (505,629) |
| Increase/decrease in trade payables etc | (114,306) | 479,188 |
| | (15,500) | (29,595) |



16 Contingent liabilities

ABB Power Grids Denmark A/S is jointly taxed with other Danish group companies. As a group company, the company has unlimited and joint liability with other group companies for Danish corporation taxes and withholding taxes on dividends, interest and royalties within the joint taxation unit.

Operationel lease liabilities

| Obligtions under operating lease concern cars and land and buildings | 2020/21 DKK'000 |
|--|--------------------|
| The total payments in the remaining term of the lease are | 2,521 |
| Of which falls due for payment within 5 years | 2,521 |

17 Related parties with controlling interest

Hitachi ABB Power Grids AG, Brown Boveri Strasse 5, 8050 Zürich, Switzerland holds 100% of the contributed capital in ABB Power Grids Denmark A/S.

ABB Power Grids Denmark A/S is part of the consolidated financial statements of Hitachi Ltd., (Japan)

The consolidated financial statements of Hitachi Ltd. Can be obtained from www.hitachi.com

18 Transactions with related parties

| | Other related | |
|---|-------------------|---------|
| | Parent DKK'000 | parties |
| | | DKK'000 |
| Sales of goods and service to group companies | | 11,140 |
| Purchase of goods services from group companies | | 742,410 |
| Capital injection from parent entity | 40,000 | |

Interest expenses to the group are disclosed in note 4 to the financial statements. Payables and receivables to the group are disclosed in the balance sheet.

No remuneration has been paid to the Board of Directors. By reference to section 98b(3), (ii) of the Danish Financial Statement Act, remuneration to management is not disclosed.

Besides capital from capital increase , no other transactions with shareholder was carried out during the financial year.



Accounting policies

Reporting class

This annual report has been prepared in accordance with the provisions of the Danish Financial Statements Act governing reporting class C enterprises (medium).

2020/21 comprises of 15 months. The comparative figures 2018/19 of 2 months with activity.

Recognition and measurement

Assets are recognised in the balance sheet when it is probable as a result of a prior event that future economic benefits will flow to the Entity, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when the Entity has a legal or constructive obligation as a result of a prior event, and it is probable that future economic benefits will flow out of the Entity, and the value of the liability can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. Measurement subsequent to initial recognition is effected as described below for each financial statement item.

Anticipated risks and losses that arise before the time of presentation of the annual report and that confirm or invalidate affairs and conditions existing at the balance sheet date are considered at recognition and measurement.

Income is recognised in the income statement when earned, whereas costs are recognised by the amounts attributable to this financial year.

Income statement

Revenue

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

The Company's revenue is generated from the production and sale of power grid products as well as related services.

On the conclusion of sales contracts that consist of several separate sales transactions, the contract price is split up into the individual sales transactions based on the relative fair value approach. The separate sales transactions are recognised as revenue when the criteria for sale of goods, services or construction contracts are met.

A contract is split up into individual transactions when the fair value of each individual sales transaction can be estimated reliably and when each individual sales transaction represents a stand-alone value for the buyer. Sales transactions are deemed to have a stand-alone value for the buyer when the transaction is individually identifiable and usually sold separately.

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



Revenue from the sale of goods

Income from the sale of goods for resale and finished goods, including sale of power grids products, is recognised in revenue when the most significant rewards and risks have been transferred to the buyer, the income can be measured reliably and payment is expected to be received. The date of the transfer of the most significant rewards and risks is based on standardised terms of delivery based on Incoterms® 2020. Revenue from the sale of goods where delivery has been postponed at the buyer's request is recognised in revenue when ownership of the goods is transferred to the buyer.

Revenue from the sale of services

Revenue from the rendering of services, which include service contracts, is recognised in revenue on a straight-line basis as the services are rendered because the services are rendered in the form of an indefinite number of actions over a specified period of time.

Revenue from construction contracts

Revenue from construction contracts concerning project sales of power grids product subject to a high degree of individual adaptation is recognised as revenue by reference to the stage of completion, which means that revenue corresponds to the selling price of work performed during the year (the percentage of completion method). When income and expenses of a construction contract cannot be estimated reliably, revenue assessed recognised solely at the costs incurred in so far as it is assessed that they are likely to be recovered.

The stage of completion by which completion of the production is measured is determined by reference to the proportion of costs incurred relative to the latest cost estimate.

Costs of raw materials and consumables

Costs of raw materials and consumables comprise the consumption of raw materials and consumables for the financial year after adjustment for changes in inventories of these goods from the beginning to the end of the year. This item includes shrinkage, if any, and ordinary writedowns of the relevant inventories.

Other external expenses

Other external expenses include expenses relating to the Entity's ordinary activities, including expenses for premises, stationery and office supplies, marketing costs, etc. This item also includes writedowns of receivables recognised in current assets.

Staff costs

Staff costs comprise salaries and wages, and social security contributions, pension contributions, etc. for entity staff.

Depreciation, amortisation and impairment losses

Depreciation, amortisation and impairment losses relating to property, plant, equipment and intangible assets comprise depreciation, amortisation and impairment losses for the financial year.

Other financial income

Other financial income comprises dividends etc received on other investments, interest income, including interest income on receivables from group enterprises, net capital or exchange gains on securities, payables and transactions in foreign currencies, amortisation of financial assets, and tax relief under the Danish Tax Prepayment Scheme etc.



Financial expenses

Financial expenses comprise interest expenses, including interest expenses on payables to group enterprises, net capital or exchange losses, payables and transactions in foreign currencies, and tax surcharge under the Danish Tax Prepayment Scheme etc.

Tax on loss for the year

Tax for the year, which consists of current tax for the year and changes in deferred tax, is recognised in the income statement by the portion attributable to the profit for the year and recognised directly in equity by the portion attributable to entries directly in equity.

Balance sheet

Goodwill

Goodwill is measured at cost less accumulated amortisation and impairment losses. Goodwill is the positive difference between cost and fair value of assets and liabilities arising from acquisitions. Goodwill is amortised over the expected useful life, measured by reference to an assessment of, among other factors, the nature and market position of the business, the stability of the industry and the dependence on key staff.

Considering the market position and long-term earnings effect of the acquisition, the useful life is estimated to be 10 years.

Each year, the assumptions on which the goodwill amount and the useful life are based are assessed. In case of permanent impairment, write-downs will be made in the income statement, as required.

Property, plant and equipment

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

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use.

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

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 Leasehold improvements 3-10 years

5 years

The basis of depreciation is based on the 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 amortisation period or the residual value, the effect on the depreciation charges is recognised prospectively as a change in accounting estimates.



Receivables

Receivables are measured at amortised cost.

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

Write-down for bad and doubtful debts is made when there is objective evidence that a receivable or a portfolio of receivables has been 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 country of domicile and credit ratings of the debtors in accordance with the credit risk management policy of the Parent Company and the Group. 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 of the individual receivable or portfolio is used as discount rate.

Deferred tax

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

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. However, deferred tax is not recognised on temporary differences relating to goodwill which is not deductible for tax purposes or on office premises and other items where temporary differences arise at the date of acquisition without affecting neither the profit/loss for the year nor the 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 assets, including the tax value of tax loss carry-forwards, 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 and jurisdiction.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Inventories

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

Goods for resale and raw materials and consumables are measured at cost, comprising purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct labour and production overheads. Production overheads include the indirect cost of material and labour. The net realisable value of inventories is calculated as the sales amount less costs of completion and costs necessary to make the sale and is determined taking into account marketability, obsolescence and development in expected selling price.



Contract work in progress

Contract work in progress is measured at the selling price of the work carried out at the balance sheet date.

The selling price is measured based on the stage of completion and the total estimated income from the individual contracts in progress. Usually, the stage of completion is determined as the ratio of actual to total budgeted consumption of resources.

If the selling price of a project in progress cannot be made up reliably, it is measured at the lower of costs incurred and net realisable value.

Each contract in progress is recognised in the balance sheet under receivables or liabilities other than provisions, depending on whether the net value, calculated as the selling price less prepayments received, is positive or negative.

Costs of sales work and of securing contracts, and finance costs are recognised in the income statement as incurred.

Joint taxation contributions receivable or payable

Current joint taxation contributions payable or joint taxation contributions receivable are recognised in the balance sheet, calculated as tax computed on the taxable income for the year, which has been adjusted for prepaid tax. For tax losses, joint taxation contributions receivable are only recognised if such losses are expected to be used under the joint taxation arrangement.

Cash

Cash comprises cash in hand and bank deposits.

Other provisions

Provisions comprise anticipated costs related to warranty commitments etc. Provisions are recognised when, as a result of past events, the Company has a legal or a constructive obligation and it is probable that there may be an outflow of resources embodying economic benefits to settle the obligation. Provisions are measured at net realisable value. If the obligation is expected to be settled far into the future, the obligation is measured at fair value.

Other financial liabilities

Other financial liabilities are measured at amortised cost, which usually corresponds to nominal value.

Prepayments received from customers

Prepayments received from customers comprise amounts received from customers prior to delivery of the goods agreed or completion of the service agreed.

Cash flow statement

The cash flow statement shows cash flows from operating, investing and financing activities, and cash and cash equivalents at the beginning and the end of the financial year.

Cash flows from operating activities are presented using the indirect method and calculated as the operating profit/loss adjusted for non-cash operating items, working capital changes and income taxes paid. Cash flows from investing activities comprise payments in connection with acquisition and divestment of enterprises, activities and fixed asset investments, and purchase, development, improvement and sale,



etc of intangible assets and property, plant and equipment.

Cash flows from financing activities comprise changes in the size or composition of the contributed capital and related costs, and the raising of loans, repayments of interest-bearing debt, purchase of treasury shares and payment of dividend.

Cash and cash equivalents comprise cash and short-term securities with an insignificant price risk less short-term bank loans.

