

Hitachi Energy Denmark A/S

Meterbuen 33
2740 Skovlunde
CVR No. 39856638

Annual report 01.04.2023 - 31.03.2024

The Annual General Meeting adopted the annual
report on 30.06.2024

Camilla Jansson
Chairman

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Entity details

Entity

Hitachi Energy Denmark A/S

Meterbuen 33

2740 Skovlunde

Business Registration No.: 39856638

Date of foundation: 12.09.2018

Registered office: Ballerup

Financial year: 01.04.2023 - 31.03.2024

Board of Directors

Claus Madsen

Cathrine Bech Aagaard

Camilla Sofia Jansson

Executive Board

Claus Madsen

Auditors

EY Godkendt Revisionspartnerselskab

Lysholt Allé 10

7100 Vejle

CVR No.: 30700228

Statement by Management

The Board of Directors and the Executive Board have today considered and approved the annual report of Hitachi Energy Denmark A/S for the financial year 01.04.2023 - 31.03.2024.

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 31.03.2024 and of the results of its operations and cash flows for the financial year 01.04.2023 - 31.03.2024.

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, 30.06.2024

Executive Board

Claus Madsen

Board of Directors

Claus Madsen

Cathrine Bech Aagaard

Camilla Sofia Jansson

Independent auditor's report

To the shareholders of Hitachi Energy Denmark A/S

Opinion

We have audited the financial statements of Hitachi Energy Denmark A/S for the financial year 1 April 2023 – 31 March 2024, which comprise 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 March 2024 and of the results of the Company's operations and cash flows for the financial year 1 April 2023 – 31 March 2024 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' 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 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.

Vejle, 30 June 2024

EY Godkendt Revisionspartnerselskab
CVR no. 30 70 02 28

Claus E. Andreasen
State Authorised
Public Accountant
mne16652

Management commentary

Financial highlights

	2023/24	2022/23	2021/22	2020/21	2018/19
	DKK'000	DKK'000	DKK'000	DKK'000	DKK'000
Key figures					
Revenue	1,526,745	1,598,062	568,041	744,123	171,909
Gross profit/loss	94,414	67,174	43,094	34,611	2,987
Operating profit/loss	40,379	23,500	5,143	(79,996)	(2,703)
Net financials	8,644	377	(431)	(1,868)	(191)
Profit/loss for the year	38,240	18,720	3,641	(63,861)	(2,266)
Total assets	1,137,410	1,016,003	602,107	453,758	594,373
Investments in property, plant and equipment	338	915	857	903	361
Equity	258,475	136,235	117,515	88,874	112,735
Cash flows from (used in) operating activities	(80,157)	(5,951)	(44,546)	(26,752)	(31,336)
Cash flows from (used in) investing activities	(3,843)	(915)	(875)	(1,466)	(68,159)
Cash flows from (used in) financing activities	84,000	0	25,000	40,000	115,000
Ratios					
Gross margin (%)	6.18	4.20	7.59	4.65	1.74
EBIT margin (%)	2.64	1.47	0.91	(10.75)	(1.57)
Net margin (%)	2.50	1.17	0.64	(8.58)	(1.32)
Return on equity (%)	19.38	14.75	3.53	(63.35)	(2.01)
Equity ratio (%)	22.72	13.41	19.52	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 (%):

$\frac{\text{Gross profit/loss} * 100}{\text{Revenue}}$

EBIT margin (%):

$\frac{\text{Operating profit/loss} * 100}{\text{Revenue}}$

Net margin (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Revenue}}$

Return on equity (%):

$\frac{\text{Profit/loss for the year} * 100}{\text{Average equity}}$

Equity ratio (%):

$\frac{\text{Equity} * 100}{\text{Total assets}}$

Primary activities

Hitachi Energy Denmark A/S AB is a subsidiary of Hitachi Energy Ltd in Zurich, Switzerland, which is ultimately owned by Hitachi Ltd, in Tokyo, Japan.

The company provides products, systems, software and service solutions across the energy value chain that are designed to meet the growing demand for electricity with minimum environmental impact.

Hitachi Energy Denmark A/S will primarily serve the Utility, Renewables, Transportation & Infrastructure and the Industry sector with Energy technology product and services 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

The financial result for the financial year has improved. The performance has improved in almost all areas of the business, products, systems, and services.

Profit/loss for the year in relation to expected developments

Due to successful market activities and a successful execution of the activities the order intake and revenue volumes are similar as previous year and in line with last year's expectations, providing a positive net result for the legal entity.

Revenue amounted to 1 526,7 million DKK (last year 1 598,0 million DKK) which was expected, as the revenue for 2022/2023 was exceptionally high due to high order intake and high rate of deliveries. Operating profit amounted to 40,3 million DKK (last year 23,5 million DKK) and was above the expectation of 1,1 % due to different product mix. Even with similar revenues, the company reports a gross margin of 94,4 million DKK (last year 67,2 million DKK), an increase of 41 % compared to the previous year.

Profit for the year amounted to 38,2 million DKK (last year 18,7 million DKK).

During the year, a capital injection of 84,0 million DKK was carried out, which has increased the equity by 122,2 million DKK to 258,5 million DKK after the impact of the year's result.

Outlook

Hitachi Energy Denmark A/S will continue to be a world-leading supplier of power and automation products, systems, and service solutions for the entire energy value chain. With innovative technology we will continue to create the sustainable energy landscape of the future to accelerate energy transmission. This includes integrating renewable energy and connecting countries' electricity networks continue 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.

The market is still growing, and we continue to see a positive development in 2024/2025 and the following years to come. The company expects to have a 1-2 % increase of revenue in 2024/2025 and the company expects to have an Operating profit between 1-3 % in relation to the turnover.

Business risks

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

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.

Statutory report on corporate social responsibility

The company provides products, systems, software and service solutions across the energy value chain that are designed to meet the growing demand for electricity with minimum environmental impact.

Hitachi Energy Denmark A/S will primarily serve the Utility, Renewables, Transportation & Infrastructure and the Industry sector with Energy technology product and services as well as Control-, Scada- and Digital solutions, helping the planning, delivering, and servicing the assets throughout the life cycle.

This area has been prepared in accordance with paragraph 99 a and b of the Annual Accounts Act. The sustainability report describes how the company works with sustainability issues in the following areas:

1. Environment
2. Respect for human rights
3. Staff and social conditions
4. Integrity including the fight against corruption

1.ENVIRONMENT

The energy transition is a key to succeeding in tackling climate change and creating a more circular society. By building a global, connected, and sustainable energy system for current and future generations, Hitachi Energy Denmark A/S can help create value for a more sustainable society. In other words, the environment is a guiding light in our business, both the global environment and ours.

Environmental and energy policy

The environmental work at Hitachi Energy Denmark A/S is solid and methodical: environmental and energy management is an important part of our business strategy. We are committed to complying with laws and other binding requirements and to continuously improving our governance of the business. Our environment and energy policy states that we undertake in a sustainable way that:

- Develop and offer resource- and energy-efficient products, systems, digital solutions, and services that promote sustainability and improve our customers' environmental and energy performance.
- Increase resource efficiency, including material and energy savings.

Engage our stakeholders and provide information and resources necessary to achieve the above. We seek to minimize Hitachi Energy Denmark A/S's environmental footprint and to conduct our business in a socially responsible manner. Both the working environment and the external environment are monitored. Consequently, in 2023/2024 the company saw a decline in the environmental and climate footprint.

Hitachi Energy Denmark A/S is committed to reduce the CO2 footprint and are implementing new ways of delivering, and servicing products and services with lower CO2 footprint. The biggest environmental and climate

risk facing the company is connected to transport of material to and from business activities.

In 2023/2024 the company further increased the resource efficiency, through material and energy saving. Activities in reducing CO2 footprint have been:

- Converted heating source in Site Middelfart from Gas to electrically driven Heat pumps.
- All new company cars were leased as Electrical cars.
- All electricity bought in HE DK from renewable energy.

In 2024/2025 we will continue to increase resources efficiency including material and energy savings.

2. RESPECT FOR HUMAN RIGHTS

Respecting human rights is a matter of course for Hitachi Energy Denmark A/S. Lack of respect for human rights can harm people and negatively affect our business, with potential legal, financial and reputational consequences. Respect for human rights is a cornerstone of the behavior we expect of everyone who works for us, both as an employee and within our supply chain. We have a strict zero tolerance policy for violations of law or our code of conduct.

We have several different processes and policies that ensure compliance with human rights within our operations and our value chains. In addition to our policies this includes our code of conduct and supplier code of conduct, as well as supplier and contractor forms.

If human rights violations or our policies are suspected, there are several channels available to report it to, both for Hitachi Energy Denmark A/S employees and external stakeholders (Read more in the section Integrity and the fight against corruption)

During the fiscal year, the company trained all employees, to be able to identify and manage human right violations.

Risk assessment

Hitachi Energy Denmark A/S is committed to conducting its business ethically and to minimizing the risk of impact on human rights within our own operations and our supply chains.

Even though we are making sure that our supplies are acting according to human rights, there is a risk of human right being violated.

The most material risk related to human rights exists within our supply chain for forced labor or child labor, particularly in regions where labor standards are less stringent.

Our risk management is structured around like this:

- Raising awareness of the issues within Hitachi Energy Denmark A/S and building internal expertise.
- Collaborate with and learn from external organizations and stakeholders.

Work for continuous improvement by identifying shortcomings, acting on these shortcomings and then communicating this process.

Successful compliance with human rights is a journey that requires transparency, responsibility and cooperation with various stakeholders, including suppliers.

The focus will continue to be on striving to become even better at identifying potential risks and to further strengthen their management through more systematic HRDD work.

Training

To manage human rights risks, Hitachi Energy Denmark A/S works to raise awareness and build expertise. In line with the UN's global goals for sustainable development, where the fourth is about education and lifelong learning, we focus on four main areas:

- Training for management at various levels within the organization to provide decision-makers with relevant skills to be able to identify and manage risks related to human rights.
- Build internal competence through further development of our network Human Rights Champion, which drives these issues within the organization.
- Develop awareness of these issues within the supply chain through our Supplier Sustainability Development Program.
- Promote open reporting and a transparent corporate culture by highlighting and encouraging the use of the channels we have for reporting suspected human rights abuses.

In addition to continuing work on the points above, the future will further focus on education for the functions that are most exposed to issues related to human rights.

Collaborations

Hitachi Energy Denmark A/S supports several leading organizations in their work to increase companies' understanding of human rights issues. This gives us the opportunity to contribute and learn at the same time.

3. SOCIAL CONDITIONS AND STAFF

The employees are the company's foremost asset. It is their efforts that lay the foundation for a sustainable business. The fact that all employees at Hitachi Energy Denmark A/S feel safe, secure and have the opportunity to perform their best is crucial to our success. It is the company's policies within diversity and gender equality as well as the work environment that form the basis of the work on social conditions and personnel.

Our most material risk is if we fail to foster a positive work culture or adequately address workload concerns, employees might become disengaged, leading to decreased productivity, higher turnover rates, and increased instances of burnout.

We will in 2024/2025 continue to train our employees in our HSF policy and follow up on events and the wellbeing of our employees.

The health strategy lays the foundation

Our vision is a workplace where all employees have the opportunity to flourish, develop and thrive. If we can utilize the potential and competence of each employee, they will perform better and thus give the company the opportunity for development going forward.

It is our health strategy that sets the direction for the work we do. The health strategy is divided into four focus areas: Organizational and social work environment, ergonomics and lifestyle and well-being are three of them.

Within them, we work with healthy leadership, balance between work and family life, counteracting harassment and the importance of inclusion and clear goals.

The fourth focus area is the borderless digital workplace, this area started to change during the pandemic in the past and stayed as a new way of working. This was strengthened by the global project that started during 2021/2022 "Powering the new norm". In 2024/2025 we will continue to create a safe and secure workplace through our HSE policy. During the regular leadership trainings in 2023/2024 we have given leaders tools to lead at a distance, including learning to pay attention to signals of ill health.

4. INTEGRITY INCLUDING AGAINST CORRUPTION

Hitachi Energy Denmark A/S does not tolerate violations of law or our code of conduct. The values the company formulates about safety and integrity are a cornerstone that ensures that we do not conduct business in a way that exposes people to risk or involves unethical methods. The Danish company's integrity program is part of the Hitachi Energy Group's global integrity program. Integrity permeates all of Hitachi Energy's operations. With us, integrity begins with leadership and responsibility. The message from company management is that we are clearly committed to our commitments in safety, integrity, and quality, which are a prerequisite for our business, and that we refrain from business that does not meet our requirements. In recurring videos, articles and letters to employees, Hitachi Energy's CEO and senior management emphasize our commitment to run the business without ever violating rules and regulations. All local business unit managers hold regular discussions on privacy issues to ensure that messages about privacy come from the same person who sets the business goals: integrity and business go hand in hand.

Everyone who works for or with Hitachi Energy must comply with the privacy standards set forth in our Code of Conduct and our Supplier Code of Conduct (available at: (<https://www.hitachienergy.com/about-us/integrity/standards/code-of-conduct>)). Our personal commitments to privacy are also set out in the Code of Conduct. respectful of each other and our stakeholders - we are fair, reliable and cooperative in all our business; we create creative solutions that are consistent with our code of conduct - we follow applicable laws and our principles of ethics and integrity; we help build a sustainable future - we protect the environment, apply sound health and safety practices and respect human rights, we work with a strong feeling of personal responsibility for our company - we protect its reputation, brand and assets. Our internal policies and instructions ensure compliance with the Code of Conduct.

Training

To prevent problems, it is important to be aware of the risks that exist.

Risks associated with lack of integrity and transparency in the supply chain or vendor network pose the biggest threat of exposure to corrupt practices, impacting operational efficiency and brand reputation.

That is why training in integrity is important. All new employees undergo training in integrity, and all employees receive reminder courses in integrity on a yearly basis.

Reporting system

Systems for detecting and correcting ethical errors are central to our privacy program. In addition to several other channels for reporting privacy concerns (reporting can be done to the immediate manager, a representative from Legal & Integrity, the local or regional Head of Legal or Head of Integrity or global Head of Integrity), there is a web portal for those who prefer uses the Internet: Hitachi Energy EthicsPoint (<https://www.hitachienergy.com/about-us/integrity/reporting-channels>). There is also an Ethics hotline on the phone that is available in over 180 languages, around the clock. The Ethics hotline and web portal are operated

by a third party and enable anonymous reporting.

All reports received are treated confidentially, reviewed, and investigated in an appropriate manner. Appropriate measures against exposed exposure are taken, including disciplinary measures which, within the framework of local labor law rules, may even mean dismissal.

Hitachi Energy has a strict zero tolerance policy for violations of law or our code of conduct. In addition, retaliation, threats of retaliation or other type of punishment, suspension, harassment, unwanted relocation, or other type of discrimination against any employee who in good faith has reported something to the company about illegal or unethical behavior is not tolerated.

Our requirements for a good working environment do not tolerate harassment, regardless of whether it is face-to-face, written, electronic or oral. Our goal is for all employees to feel welcome and comfortable and for us to respond to any privacy concerns they may have. That is why we work constantly to ensure that our employees, partners and those who do business with us are not harassed in any way. That is why we at Hitachi Energy Denmark A/S speak up about harassment.

The integrity program is being developed.

As a leading technology company, we intend to use data analysis and other advanced tools to further improve our work on integrity. In this way, our integrity program will develop in step with our business as it grows, changes and develops.

Going forward Hitachi will continue to develop the integrity program, continue with integrity training for the employees and follow up what has been reported.

Gender diversity in management according to §99b

Hitachi Energy Denmark A/S have policies covering the underrepresented gender and ethics. The company continually monitoring the data in all KPI's important for gender and ethics equality. The industry and the engineering sector have historically been a male dominated workplace but during years of focus Hitachi Energy Denmark A/S have proven that data showing of improvements.

We are committed to fostering an inclusive workplace culture that ensures equal opportunities for both genders. We strive to achieve gender balance across all levels of management, with a goal to increase the representation of the underrepresented gender.

The proportion of newly hired women during the financial year is 27%.

At the end of the financial year, the Board of Directors and the company management had the following composition, based on headcount.

Statutory report on the underrepresented gender

2023/24

Supreme management body

Total number of members	3
Underrepresented gender (%)	33.00
Target figures (%)	33.00
Year of expected achievement of target figures	2025

2023/24**Other management levels**

Total number of members	8
Underrepresented gender (%)	25.00
Target figures (%)	50.00
Year of expected achievement of target figures	2028

The board consists of 3 members whereas 33 % constitute the underrepresented gender. The target and an equal gender distribution is thus met.

There has been a change in the Board of Directors for FY23/24 and that was according to the company's target. The company's goal from last year to meet 33 percent of the board to consist of woman by the year 2025 was accomplished.

The company's goal for the coming FY year is to maintain this composition of the board.

Other managerial consists of 8 members, whereas 25 % constitute the underrepresented gender.

The first level of management includes members of the Executive Board and the persons who organizationally are at the same level as the Executive Board. The other level of management level includes persons with managerial responsibility.

We are constantly looking out for diversity and at the same time looking for best candidate and this has been discussed at the general meetings during this year. The goal is for us to have a management team consisting of 50 % women and 50% men by 2028.

No changes to the managerial composition occurred in the current financial year. The existing members of management, selected based on experience, expertise, and competencies relevant to the roles, remained unchanged.

Statutory report on diversity

Hitachi Energy Denmark A/S believes that people with different experiences and perspectives are crucial to creating the innovative climate required for long-term business success. As a global company, we know that our success depends on the diversity and competence of our employees.

By diversity, we at Hitachi Energy Denmark A/S mean the difference that makes us all unique. This includes visible differences such as age, gender, ethnicity and physical conditions as well as underlying differences such as religion, beliefs, ways of thinking and acting. We must treat all people with respect and dignity in accordance with our business principles.

Our diversity policy states that Hitachi Energy Denmark A/S is determined to:

- Actively work to ensure that both the physical and psychosocial work environment is suitable for all employees.
- Make it easier for all employees to combine work and parenthood.
- Prevent and prevent harassment.
- Investigate all cases of discrimination and harassment in the workplace and take appropriate action.
- Give all employees opportunities for development and training.

- Actively work for a more even gender distribution within our operations.
- Ensure that no employee is discriminated against.

When possible, the company makes sure that both genders are represented in the final stages of the recruitment process.

To increase the amount of underrepresented gender in management positions, Hitachi Energy Denmark A/S ensures that there are representatives of both genders among the candidates in the last rounds of hiring processes and encourages both genders to apply internally for management positions.

Statutory report on data ethics policy

This area has been prepared in accordance with paragraph 99 d of the Annual Accounts Act, with consideration taken to exception in § 99 d number 3.

Hitachi Energy Denmark A/S takes cybersecurity extremely seriously for the security of our products, systems, services, as well as our customer's and Hitachi Energy Denmark A/S data.

The company's policy can be found on this website: <https://www.hitachienergy.com/about-us/supplying/cyber-security>.

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 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK '000
Revenue	2	1,526,745	1,598,062
Costs of raw materials and consumables		(1,372,378)	(1,495,461)
Other external expenses	3	(59,953)	(35,427)
Gross profit/loss		94,414	67,174
Staff costs	4	(53,618)	(43,312)
Depreciation, amortisation and impairment losses	5	(417)	(362)
Operating profit/loss		40,379	23,500
Other financial income	6	9,395	1,180
Other financial expenses	7	(751)	(803)
Profit/loss before tax		49,023	23,877
Tax on profit/loss for the year	8	(10,783)	(5,157)
Profit/loss for the year	9	38,240	18,720

Balance sheet at 31.03.2024

Assets

	Notes	2023/24 DKK'000	2022/23 DKK'000
Other fixtures and fittings, tools and equipment		2,012	2,091
Property, plant and equipment	10	2,012	2,091
Other receivables		3,533	28
Deferred tax	12	0	988
Financial assets	11	3,533	1,016
Fixed assets		5,545	3,107
Manufactured goods and goods for resale		16,062	11,824
Prepayments for goods		0	154
Inventories		16,062	11,978
Trade receivables		95,202	125,870
Contract work in progress	13	519,965	580,729
Receivables from group enterprises	14	500,636	294,190
Other receivables		0	129
Receivables		1,115,803	1,000,918
Current assets		1,131,865	1,012,896
Assets		1,137,410	1,016,003

Equity and liabilities

	Notes	2023/24 DKK'000	2022/23 DKK'000
Contributed capital		10,500	10,500
Retained earnings		247,975	125,735
Equity		258,475	136,235
Deferred tax	12	9,572	0
Other provisions	15	10,239	5,463
Provisions		19,811	5,463
Prepayments received from customers		36,883	2,768
Contract work in progress	13	198,864	82,384
Trade payables		39,378	18,222
Payables to group enterprises		569,046	747,460
Joint taxation contribution payable		1,333	0
Other payables		13,620	23,471
Current liabilities other than provisions		859,124	874,305
Liabilities other than provisions		859,124	874,305
Equity and liabilities		1,137,410	1,016,003
Events after the balance sheet date	1		
Unrecognised rental and lease commitments	17		
Contingent liabilities	18		
Related parties with controlling interest	19		
Transactions with related parties	20		

Statement of changes in equity for 2023/24

	Contributed capital DKK'000	Retained earnings DKK'000	Total DKK'000
Equity beginning of year	10,500	125,735	136,235
Group contributions etc	0	84,000	84,000
Profit/loss for the year	0	38,240	38,240
Equity end of year	10,500	247,975	258,475

Cash flow statement for 2023/24

	Notes	2023/24 DKK'000	2022/23 DKK'000
Operating profit/loss		40,379	23,500
Amortisation, depreciation and impairment losses		417	361
Working capital changes	16	(130,713)	(31,934)
Adjustment for items not effecting cash flow		(13)	120
Other adjustments		0	(2)
Cash flow from ordinary operating activities		(89,930)	(7,955)
Financial income received		9,395	1,180
Financial expenses paid		(751)	(804)
Taxes refunded/(paid)		1,129	1,628
Cash flows from operating activities		(80,157)	(5,951)
Acquisition etc of property, plant and equipment		(338)	(915)
Acquisition of financial assets		(3,505)	0
Cash flows from investing activities		(3,843)	(915)
Free cash flows generated from operations and investments before financing		(84,000)	(6,866)
Cash increase of capital		84,000	0
Cash flows from financing activities		84,000	0
Increase/decrease in cash and cash equivalents		0	(6,866)
Cash and cash equivalents beginning of year		0	6,866
Cash and cash equivalents end of year		0	0

Notes

1 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.

2 Revenue

	2023/24	2022/23
	DKK'000	DKK'000
Denmark	1,501,234	1,592,201
Europe	5,450	5,861
Asia, Middle East & Africa	7,005	0
North & South America	13,056	0
Total revenue by geographical market	1,526,745	1,598,062
Power Grid Automation	169,586	129,948
Power Grid Integration	321,036	105,303
Power Grid High Voltage Products	285,560	250,930
Power Grid Transformers	747,192	1,109,030
Other	3,371	2,851
Total revenue by activity	1,526,745	1,598,062

3 Fees to the auditor appointed by the Annual General Meeting

	2023/24	2022/23
	DKK'000	DKK'000
Statutory audit services	198	313
	198	313

4 Staff costs

	2023/24	2022/23
	DKK'000	DKK'000
Wages and salaries	48,823	40,053
Pension costs	4,332	2,992
Other social security costs	463	267
	53,618	43,312
Average number of full-time employees	56	47

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.

5 Depreciation, amortisation and impairment losses

	2023/24	2022/23
	DKK'000	DKK'000
Depreciation of property, plant and equipment	417	362
	417	362

6 Other financial income

	2023/24	2022/23
	DKK'000	DKK'000
Financial income from group enterprises	9,395	1,178
Other interest income	0	2
	9,395	1,180

7 Other financial expenses

	2023/24	2022/23
	DKK'000	DKK'000
Financial expenses from group enterprises	0	1
Other interest expenses	54	67
Exchange rate adjustments	697	735
	751	803

8 Tax on profit/loss for the year

	2023/24	2022/23
	DKK'000	DKK'000
Current tax	204	2,564
Change in deferred tax	10,579	2,593
	10,783	5,157

9 Proposed distribution of profit and loss

	2023/24	2022/23
	DKK'000	DKK'000
Retained earnings	38,240	18,720
	38,240	18,720

10 Property, plant and equipment

	Other fixtures and fittings, tools and equipment DKK'000
Cost beginning of year	3,027
Additions	338
Cost end of year	3,365
Depreciation and impairment losses beginning of year	(936)
Depreciation for the year	(417)
Depreciation and impairment losses end of year	(1,353)
Carrying amount end of year	2,012

11 Financial assets

	Other receivables DKK'000	Deferred tax DKK'000
Cost beginning of year	28	988
Additions	3,505	0
Disposals	0	(988)
Cost end of year	3,533	0
Carrying amount end of year	3,533	0

12 Deferred tax

	2023/24 DKK'000	2022/23 DKK'000
Intangible assets	3,786	5,934
Receivables	(14,516)	(9,088)
Provisions	1,158	0
Tax losses carried forward	0	4,142
Deferred tax	(9,572)	988

	2023/24 DKK'000	2022/23 DKK'000
Changes during the year		
Beginning of year	988	3,703
Adjustment of the deferred tax charge for the year	(10,560)	(2,715)
End of year	(9,572)	988

13 Contract work in progress

	2023/24	2022/23
	DKK'000	DKK'000
Contract work in progress	1,838,507	1,255,817
Progress billings regarding contract work in progress	(1,517,406)	(757,471)
Transferred to liabilities other than provisions	198,864	82,383
	519,965	580,729

14 Receivables from group enterprises

Receivables from group enterprises include 308 857 KTDKK, cash deposited within the group.

15 Other provisions

	2023/2024	2023/2024
	DKK'000	DKK'000
Warranty provisions	1.618	1.170
Provisions for contracts in progress	27	516
Other provisions	8.594	3.777
	10.239	5.463

Changes during the year

Provision beginning of the year	5.463	3.673
Used during the year	(1.903)	(1.616)
Reversed during the year	(7.372)	(1.644)
Provision for the year	14.051	5.050
	10.239	5.463

Provision are expected to mature within

0-1 year	1.341	1.792
2-4 year	7.054	1.796
5 years	1.844	1.875
	10.239	5.463

16 Changes in working capital

	2023/24	2022/23
	DKK'000	DKK'000
Increase/decrease in inventories	(4,084)	(4,119)
Increase/decrease in receivables	(114,884)	(422,997)
Increase/decrease in trade payables etc	(11,745)	395,182
	(130,713)	(31,934)

17 Unrecognised rental and lease commitments

	2023/24	2022/23
	DKK'000	DKK'000
Liabilities under rental or lease agreements until maturity in total	7,129	6,426

18 Contingent liabilities

Hitachi Energy 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.

19 Related parties with controlling interest

Hitachi Energy AG, Brown Boveri Strasse 5, 8050 Zürich, Schweiz holds 100 % of contributed capital in Hitachi Energy Denmark A/S.

Hitachi Energy Denmark A/S is part of the consolidated financial statement of Hitachi Ltd., Japan

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

20 Transactions with related parties

	Other related parties DKK'000
	<hr/>
Sales of goods and service to group companies	13,525
Purchase of goods services from group companies	985,047

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.

Accounting policies

Reporting class

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

The accounting policies applied to these financial statements are consistent with those applied last year.

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

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:

	Useful life
Other fixtures and fittings, tools and equipment	3-10 years
Leasehold improvements	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.

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.

Joint taxation contributions payable or receivable

Current joint taxation contributions receivable or joint taxation contributions payable are recognised in the balance sheet, calculated as tax computed on the taxable income of 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 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.