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# *Epcido Holding A/S*

Sakskøbingvej 4, DK-7400 Herning

## Annual Report for 1 November 2022 - 31 October 2023

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CVR No. 42 82 78 94

The Annual Report was  
presented and adopted  
at the Annual General  
Meeting of the  
company  
on 17/1 2024

Christian Møller  
Chair of the general  
meeting



# Contents

	<u>Page</u>
<b>Management's Statement and Auditor's Report</b>	
Management's Statement	1
Independent Auditor's Report	2
<b>Management's Review</b>	
Company information	5
Group Chart	6
Financial Highlights	7
Management's Review	8
<b>Financial Statements</b>	
Income Statement 1 November - 31 October	10
Balance sheet 31 October	11
Statement of changes in equity	13
Cash Flow Statement 1 November - 31 October	14
Notes to the Financial Statements	15

# Management's statement

The Executive Board and Board of Directors have today considered and adopted the Annual Report of Epcido Holding A/S for the financial year 1 November 2022 - 31 October 2023.

The Annual Report is prepared in accordance with the Danish Financial Statements Act.

In our opinion the Financial Statements and the Consolidated Financial Statements give a true and fair view of the financial position at 31 October 2023 of the Company and the Group and of the results of the Company and Group operations and of consolidated cash flows for 2022/23.

In our opinion, Management's Review includes a true and fair account of the matters addressed in the Review.

We recommend that the Annual Report be adopted at the Annual General Meeting.

Herning, 17 January 2024

## Executive Board

Flemming Noes Lorentzen  
Executive Officer

Pawel Lukasz Rosiak  
Executive Officer

## Board of Directors

Jesper Rantala  
Chair

Lars Jensen

Flemming Noes Lorentzen

Christian Møller Christensen

Pawel Lukasz Rosiak

# Independent Auditor's report

To the shareholders of Epcido Holding A/S

## Opinion

In our opinion, the Consolidated Financial Statements and the Parent Company Financial Statements give a true and fair view of the financial position of the Group and the Parent Company at 31 October 2023 and of the results of the Group's and the Parent Company's operations and of consolidated cash flows for the financial year 1 November 2022 - 31 October 2023 in accordance with the Danish Financial Statements Act.

We have audited the Consolidated Financial Statements and the Parent Company Financial Statements of Epcido Holding A/S for the financial year 1 November 2022 - 31 October 2023, which comprise income statement, balance sheet, statement of changes in equity and notes, including a summary of significant accounting policies, for both the Group and the Parent Company, as well as consolidated statement of cash flows ("the Financial Statements").

## Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Statement on Management's Review

Management is responsible for Management's Review.

Our opinion on the Financial Statements does not cover 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 Management's Review and, in doing so, consider whether 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 Management's Review provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, in our view, Management's Review is in accordance with the Consolidated Financial Statements and the Parent Company Financial Statements and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement in Management's Review.

## Management's responsibilities for the Financial Statements

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

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

# Independent Auditor's report

## Auditor's responsibilities for the audit of the Financial Statements

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

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgement and maintain professional 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.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Financial Statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Financial Statements, including the disclosures, and whether the Financial Statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

# Independent Auditor's report

Trekantområdet, 17 January 2024

**PricewaterhouseCoopers**  
Statsautoriseret Revisionspartnerselskab  
*CVR No 33 77 12 31*

Lars Almskou Ohmeyer  
State Authorised Public Accountant  
mne24817

Heidi Bonde  
State Authorised Public Accountant  
mne42815

## Company information

<b>The Company</b>	Epcido Holding A/S Sakskøbingvej 4 DK-7400 Herning  CVR No: 42 82 78 94 Financial period: 1 November 2022 - 31 October 2023 Municipality of reg. office: Herning
<b>Board of Directors</b>	Jesper Rantala, chair Lars Jensen Flemming Noes Lorentzen Christian Møller Christensen Pawel Lukasz Rosiak
<b>Executive Board</b>	Flemming Noes Lorentzen Pawel Lukasz Rosiak
<b>Auditors</b>	PricewaterhouseCoopers Statsautoriseret Revisionspartnerselskab Herredsvej 32 DK-7100 Vejle

# Group Chart

<u>Company</u>	<u>Residence</u>	<u>Ownership</u>
<b>Epcido Holding A/S</b>	<b>Place of registered office</b>	
Epcido A/S	Herning, Denmark	100%
- Epcido Ltd.	London, United Kingdom	100%
- Epcido GmbH	Harrislee, Germany	100%
Epcido Sp. z o.o.	Gdansk, Poland	100%
Epcido US Inc.	Delaware, USA	100%
SoftXways ApS	Herning, Denmark	80%



# Financial Highlights

Seen over a 2-year period, the development of the Group is described by the following financial highlights:

	<b>Group</b>	
	2022/23 TDKK	2021/22 TDKK
<b>Key figures</b>		
<b>Profit/loss</b>		
Revenue	183,465	150,799
Gross profit/loss	74,406	40,496
EBITDA	23,431	12,571
Depreciation, amortisation and impairment	-1,391	-636
Profit/loss of ordinary primary operations	22,040	11,935
Profit/loss of financial income and expenses	331	-490
Profit/loss before tax	22,371	11,445
Tax on profit/loss for the year	-4,934	-2,901
Net profit/loss	17,437	8,544
<b>Balance sheet</b>		
Balance sheet total	55,048	54,728
Investment in property, plant and equipment	754	1,905
Equity	36,836	25,062
<b>Cash flows</b>		
Cash flows from:		
- operating activities	4,068	15,499
- investing activities	-1,081	-2,008
- financing activities	-3,596	-1,390
Change in cash and cash equivalents for the year	-609	12,101
Number of employees	173	81
<b>Ratios</b>		
Gross margin	40.6%	26.9%
Profit margin	12.0%	7.9%
Return on assets	40.0%	21.8%
Solvency ratio	66.9%	45.8%
Return on equity	56.3%	68.2%

# Management's review

## Key activities

Epcido are specialists in assembly, installation, service and modernization of E-commerce centres, logistics, productions, and commercial buildings.

Epcido is a leader in electrical, mechanical installations as well as service and maintenance on a global level.

## Development in the year

The Epcido Group has for 2022/23 achieved a turnover of DKK 183,464,856 and a result before financial items of DKK 22,040,159.

## The past year and follow-up on development expectations from last year

In the financial year, Epcido has continued to focus on, among other things, developing the business, delivering, and servicing, installing advanced production facilities, products, processes and digitization to the company's customers.

The result for the year is better than expected and is due to the fact that the organization has really delivered throughout the year.

The group's management systems are being strengthened and adapted and have continued to be anchored in the IT management platform in 2022/23, which has thoroughly digitized the company. The goal is to strengthen the performance culture throughout the company with a view to creating the greatest possible value for customers in the future.

As part of the strategy, investments were made in the past year in the creation of our own training and education centre in Gdansk. Which means that the Epcido group can go into the new year strengthened and deliver even more service to our customers' value chain.

Also, as part of the strategy, Epcido has been established with a subsidiary in Germany during 2022/23, in order to thereby strengthen the position in one of Europe's largest markets.

In Poland, expansion of capacity and organization is also underway as planned, and commissioning of our new facilities is expected in early 2024.

As a result of logistics and product bottlenecks, there have been extraordinary challenges in the past year in the ability to deliver on time. The focus on the supply chain is therefore very high on the agenda for our customers, and with the many initiatives during the year, delivery capacity, raw material prices and product flow are once again stabilizing, and Epcido is also well positioned for the coming year.

## General risks

The company's activities include project planning, material delivery of larger and complex solutions for industry, which entails both technical and contractual risks.

However, it is the management's assessment that the company currently has internal systems and procedures that ensure that the year's activities can be carried out without significant technical and contractual risks.

## Foreign exchange risks

All revenue is in DKK, EUR, and USD. As a result, the company runs a low risk of fluctuations in exchange rates. Attempts are made to hedge the uncertainties in currencies by reducing net positions.

## Credit risks

The company's customer portfolio consists primarily of international systems integrators, as well as larger reputable companies which are considered to have a good credit rating. As part of the tender process, customers are subject to regular credit assessments. Credit risks are sought minimized through payment terms and LoC that reduce exposure.

# Management's review

## Targets and expectations for the year ahead

Epcido Group faces a challenging business environment characterized by a slowdown in the global e-commerce trades and logistics market. High inflation and interest rates have resulted in reduced investments and projects in the mechanical and electrical installation sector for system integration. Our major customers in EMEA and North America have experienced declines in their business activities, leading to a decrease in large tender requests. Despite these challenges, Epcido Group is committed to navigating this changing landscape strategically.

Even with these challenges, we are optimistic when it comes to next year, and our expectations for 2023/24 are revenue growth of 0% to 20% and earnings before tax (EBT) of 10% to 20%. Based on the current order situation and pipeline at the beginning of the financial year and throughout the year, we have reason to expect this.

The management is convinced that the focus on the green transition will be favourable for the company's customers and the vast majority of customers worldwide have already accelerated or will accelerate investments towards the green transition.

## External environment

The company is aware of its responsibility in relation to both the external and internal environment and takes the necessary considerations into account when carrying out the individual work tasks, as well as environmental conditions in the company's services and deliveries to customers.

The company is ISO 9001, ISO 14001, and ISO 45001 certified. The UN's SDG goals are thus the basis for the strategic direction for the company, with the clear goal being to contribute technological solutions that reduce the environmental impact.

## Intellectual capital resources

The company is a knowledge-based company, where the company's most important resources are the skills and knowledge possessed by the employees. Competence development and knowledge sharing are keywords and initiatives to attract and retain employees have a high priority. Our cooperation with the educational institutions ensures us a fixed pipeline of qualified resources.

Meanwhile, Epcido in Gdansk PL has set up their own academy for upskilling current employees, as well as training new employees to take social responsibility to ensure qualified labor for the future. Which has already resulted in solutions and subsequent employment.

## Subsequent events

After the balance sheet date, no factors have materially influenced the assessment of the annual report.

## Income statement 1 November 2022 - 31 October 2023

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Revenue		183,464,856	150,798,594	0	0
Other operating income		239,161	0	0	0
Expenses for raw materials and consumables		-102,440,249	-105,432,985	0	0
Other external expenses		-6,857,349	-4,869,498	-81,525	-29,613
<b>Gross profit</b>		<b>74,406,419</b>	<b>40,496,111</b>	<b>-81,525</b>	<b>-29,613</b>
Staff expenses	1	-50,925,123	-27,924,859	0	0
Depreciation and impairment losses of property, plant and equipment		-1,391,189	-636,226	0	0
Other operating expenses		-49,948	0	0	0
<b>Profit/loss before financial income and expenses</b>		<b>22,040,159</b>	<b>11,935,026</b>	<b>-81,525</b>	<b>-29,613</b>
Income from investments in subsidiaries		0	0	17,487,587	8,507,900
Financial income	2	2,051,000	300,325	0	0
Financial expenses	3	-1,720,322	-790,651	-3,205	0
<b>Profit/loss before tax</b>		<b>22,370,837</b>	<b>11,444,700</b>	<b>17,402,857</b>	<b>8,478,287</b>
Tax on profit/loss for the year	4	-4,933,559	-2,900,368	18,311	5,253
<b>Net profit/loss for the year</b>	5	<b>17,437,278</b>	<b>8,544,332</b>	<b>17,421,168</b>	<b>8,483,540</b>

## Balance sheet 31 October 2023

### Assets

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Acquired patents		2,026,250	1,900,000	0	0
<b>Intangible assets</b>	<b>6</b>	<b>2,026,250</b>	<b>1,900,000</b>	<b>0</b>	<b>0</b>
Other fixtures and fittings, tools and equipment		797,941	1,265,406	0	0
<b>Property, plant and equipment</b>	<b>7</b>	<b>797,941</b>	<b>1,265,406</b>	<b>0</b>	<b>0</b>
Investments in subsidiaries	8	0	0	36,834,804	24,994,841
<b>Fixed asset investments</b>		<b>0</b>	<b>0</b>	<b>36,834,804</b>	<b>24,994,841</b>
<b>Fixed assets</b>		<b>2,824,191</b>	<b>3,165,406</b>	<b>36,834,804</b>	<b>24,994,841</b>
Finished goods and goods for resale		17,214	378,930	0	0
<b>Inventories</b>		<b>17,214</b>	<b>378,930</b>	<b>0</b>	<b>0</b>
Trade receivables		21,545,586	24,264,254	0	0
Contract work in progress	9	6,736,889	1,362,517	0	0
Receivables from group enterprises		493,761	2,788,626	1,854	0
Other receivables		1,091,480	945,161	0	0
Corporation tax		456,488	129,012	0	0
Corporation tax receivable from group enterprises		205,442	0	18,311	5,253
Prepayments	10	627,315	35,093	0	0
<b>Receivables</b>		<b>31,156,961</b>	<b>29,524,663</b>	<b>20,165</b>	<b>5,253</b>
<b>Cash at bank and in hand</b>		<b>21,050,075</b>	<b>21,658,939</b>	<b>0</b>	<b>0</b>
<b>Current assets</b>		<b>52,224,250</b>	<b>51,562,532</b>	<b>20,165</b>	<b>5,253</b>
<b>Assets</b>		<b>55,048,441</b>	<b>54,727,938</b>	<b>36,854,969</b>	<b>25,000,094</b>

# Balance sheet 31 October 2023

## Liabilities and equity

	Note	Group		Parent company	
		2022/23	2021/22	2022/23	2021/22
		DKK	DKK	DKK	DKK
Share capital	11	402,000	402,000	402,000	402,000
Reserve for net revaluation under the equity method		0	0	22,329,355	6,575,823
Reserve for exchange rate conversion		346,614	0	0	0
Retained earnings		26,995,411	18,568,481	5,012,670	11,992,658
Proposed dividend for the year		9,000,000	6,000,000	9,000,000	6,000,000
<b>Equity attributable to shareholders of the Parent Company</b>		<b>36,744,025</b>	<b>24,970,481</b>	<b>36,744,025</b>	<b>24,970,481</b>
Minority interests		92,333	91,532	0	0
<b>Equity</b>		<b>36,836,358</b>	<b>25,062,013</b>	<b>36,744,025</b>	<b>24,970,481</b>
Provision for deferred tax	12	386,429	354,254	0	0
<b>Provisions</b>		<b>386,429</b>	<b>354,254</b>	<b>0</b>	<b>0</b>
Prepayments received from customers		214,386	244,902	0	0
Trade payables		7,836,323	19,728,179	5,738	5,738
Contract work in progress	9	854,968	3,372,825	0	0
Payables to group enterprises		223,303	113,774	57,106	0
Corporation tax		4,229,755	435,182	0	0
Payables to group enterprises relating to corporation tax		0	1,148,537	0	0
Other payables		4,332,660	4,268,272	48,100	23,875
Deferred income	13	134,259	0	0	0
<b>Short-term debt</b>		<b>17,825,654</b>	<b>29,311,671</b>	<b>110,944</b>	<b>29,613</b>
<b>Debt</b>		<b>17,825,654</b>	<b>29,311,671</b>	<b>110,944</b>	<b>29,613</b>
<b>Liabilities and equity</b>		<b>55,048,441</b>	<b>54,727,938</b>	<b>36,854,969</b>	<b>25,000,094</b>
Contingent assets, liabilities and other financial obligations	16				
Related parties	17				
Accounting Policies	18				

## Statement of changes in equity

### Group

	Share capital	Reserve for exchange rate conversion	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 November	402,000	-5,762	18,574,243	6,000,000	24,970,481	91,532	25,062,013
Exchange adjustments	0	352,376	0	0	352,376	-15,309	337,067
Ordinary dividend paid	0	0	0	-6,000,000	-6,000,000	0	-6,000,000
Net profit/loss for the year	0	0	8,421,168	9,000,000	17,421,168	16,110	17,437,278
<b>Equity at 31 October</b>	<b>402,000</b>	<b>346,614</b>	<b>26,995,411</b>	<b>9,000,000</b>	<b>36,744,025</b>	<b>92,333</b>	<b>36,836,358</b>

### Parent company

	Share capital	Reserve for net revaluation under the equity method	Retained earnings	Proposed dividend for the year	Equity excl. minority interests	Minority interests	Total
	DKK	DKK	DKK	DKK	DKK	DKK	DKK
Equity at 1 November	402,000	0	8,079,089	6,000,000	14,481,089	0	14,481,089
Net effect from change of accounting policy	0	10,489,392	0	0	10,489,392	0	10,489,392
Adjusted equity at 1 November	402,000	10,489,392	8,079,089	6,000,000	24,970,481	0	24,970,481
Exchange adjustments	0	352,376	0	0	352,376	0	352,376
Ordinary dividend paid	0	0	0	-6,000,000	-6,000,000	0	-6,000,000
Net profit/loss for the year	0	11,487,587	-3,066,419	9,000,000	17,421,168	0	17,421,168
<b>Equity at 31 October</b>	<b>402,000</b>	<b>22,329,355</b>	<b>5,012,670</b>	<b>9,000,000</b>	<b>36,744,025</b>	<b>0</b>	<b>36,744,025</b>

## Cash flow statement 1 November 2022 - 31 October 2023

	Note	Group	
		2022/23 DKK	2021/22 DKK
Result of the year		17,437,278	8,544,332
Adjustments	14	6,362,217	4,244,844
Change in working capital	15	-17,274,111	7,598,712
<b>Cash flow from operations before financial items</b>		<b>6,525,384</b>	<b>20,387,888</b>
Financial income		2,051,000	300,325
Financial expenses		-1,720,322	-790,651
<b>Cash flows from ordinary activities</b>		<b>6,856,062</b>	<b>19,897,562</b>
Corporation tax paid		-2,788,266	-4,399,010
<b>Cash flows from operating activities</b>		<b>4,067,796</b>	<b>15,498,552</b>
Purchase of intangible assets		-450,000	-1,100,000
Purchase of property, plant and equipment		-754,262	-908,481
Sale of property, plant and equipment		123,208	0
<b>Cash flows from investing activities</b>		<b>-1,081,054</b>	<b>-2,008,481</b>
Repayment of payables to group enterprises		0	-1,390,094
Raising of payables to group enterprises		2,404,394	0
Dividend paid		-6,000,000	0
<b>Cash flows from financing activities</b>		<b>-3,595,606</b>	<b>-1,390,094</b>
<b>Change in cash and cash equivalents</b>		<b>-608,864</b>	<b>12,099,977</b>
Cash and cash equivalents at 1 November		21,658,939	9,558,962
<b>Cash and cash equivalents at 31 October</b>		<b>21,050,075</b>	<b>21,658,939</b>
Cash and cash equivalents are specified as follows:			
Cash at bank and in hand		21,050,075	21,658,939
<b>Cash and cash equivalents at 31 October</b>		<b>21,050,075</b>	<b>21,658,939</b>



# Notes to the Financial Statements

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
<b>1. Staff Expenses</b>				
Wages and salaries	47,014,967	25,049,874	0	0
Pensions	407,809	314,292	0	0
Other social security expenses	3,502,347	2,560,693	0	0
	<b>50,925,123</b>	<b>27,924,859</b>	<b>0</b>	<b>0</b>
<b>Including remuneration to the Executive Board</b>	<b>2,114,816</b>	<b>2,541,547</b>	<b>0</b>	<b>0</b>
<b>Average number of employees</b>	<b>173</b>	<b>81</b>	<b>0</b>	<b>0</b>

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
<b>2. Financial income</b>				
Other financial income	1,071,696	280,741	0	0
Exchange adjustments	979,304	19,584	0	0
	<b>2,051,000</b>	<b>300,325</b>	<b>0</b>	<b>0</b>

	Group		Parent company	
	2022/23	2021/22	2022/23	2021/22
	DKK	DKK	DKK	DKK
<b>3. Financial expenses</b>				
Interest paid to group enterprises	0	0	1,705	0
Other financial expenses	1,518,487	591,164	1,500	0
Exchange adjustments, expenses	201,835	199,487	0	0
	<b>1,720,322</b>	<b>790,651</b>	<b>3,205</b>	<b>0</b>

## Notes to the Financial Statements

	<b>Group</b>		<b>Parent company</b>	
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK	DKK	DKK
<b>4. Income tax expense</b>				
Current tax for the year	5,493,522	2,578,419	-18,311	-5,253
Deferred tax for the year	32,175	318,163	0	0
Adjustment of tax concerning previous years	-592,138	3,786	0	0
	<u>4,933,559</u>	<u>2,900,368</u>	<u>-18,311</u>	<u>-5,253</u>

	<b>Group</b>		<b>Parent company</b>	
	<u>2022/23</u>	<u>2021/22</u>	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK	DKK	DKK
<b>5. Profit allocation</b>				
Proposed dividend for the year	9,000,000	6,000,000	9,000,000	6,000,000
Reserve for net revaluation under the equity method	0	0	11,487,587	4,594,331
Minority interests' share of net profit/loss of subsidiaries	16,110	60,791	0	0
Retained earnings	8,421,168	2,483,541	-3,066,419	-2,110,791
	<u>17,437,278</u>	<u>8,544,332</u>	<u>17,421,168</u>	<u>8,483,540</u>

# Notes to the Financial Statements

## 6. Intangible fixed assets

### Group

	Acquired patents
	DKK
Cost at 1 November	2,053,420
Additions for the year	450,000
Cost at 31 October	<u>2,503,420</u>
Impairment losses and amortisation at 1 November	145,879
Amortisation for the year	331,291
Impairment losses and amortisation at 31 October	<u>477,170</u>
<b>Carrying amount at 31 October</b>	<b><u>2,026,250</u></b>
Amortised over	<u>3-6 years</u>

## 7. Property, plant and equipment

### Group

	Other fixtures and fittings, tools and equipment
	DKK
Cost at 1 November	1,751,253
Exchange adjustment	-11,048
Additions for the year	754,262
Disposals for the year	-1,033,614
Cost at 31 October	<u>1,460,853</u>
Impairment losses and depreciation at 1 November	493,388
Exchange adjustment	863
Depreciation for the year	1,079,067
Reversal of impairment and depreciation of sold assets	-910,406
Impairment losses and depreciation at 31 October	<u>662,912</u>
<b>Carrying amount at 31 October</b>	<b><u>797,941</u></b>
Amortised over	<u>2-5 years</u>

## Notes to the Financial Statements

	<u>Parent company</u>	
	<u>2022/23</u>	<u>2021/22</u>
	DKK	DKK
<b>8. Investments in subsidiaries</b>		
Cost at 1 November	14,505,449	0
Additions for the year	<u>0</u>	<u>14,505,449</u>
Cost at 31 October	<u>14,505,449</u>	<u>14,505,449</u>
Value adjustments at 1 November	10,489,392	0
Exchange adjustment	352,376	-5,762
Net profit/loss for the year	17,487,587	8,507,900
Dividend to the Parent Company	-6,000,000	0
Other adjustments	<u>0</u>	<u>1,987,254</u>
Value adjustments at 31 October	<u>22,329,355</u>	<u>10,489,392</u>
<b>Carrying amount at 31 October</b>	<b><u>36,834,804</u></b>	<b><u>24,994,841</u></b>

Investments in subsidiaries are specified as follows:

Name	Place of registered office	Ownership
Epcido A/S	Herning, Denmark	100%
- Epcido Ltd.	London, United Kingdom	100%
- Epcido GmbH	Harrislee, Germany	100%
Epcido Sp. z o.o.	Gdansk, Poland	100%
Epcido US Inc.	Delaware, USA	100%
SoftXways ApS	Herning, Denmark	80%

## Notes to the Financial Statements

	Group		Parent company	
	2022/23 DKK	2021/22 DKK	2022/23 DKK	2021/22 DKK
<b>9. Contract work in progress</b>				
Selling price of work in progress	78,938,310	14,381,679	0	0
Payments received on account	-73,056,389	-16,391,985	0	0
	<b>5,881,921</b>	<b>-2,010,306</b>	<b>0</b>	<b>0</b>
Recognised in the balance sheet as follows:				
Contract work in progress recognised in assets	6,736,889	1,362,517	0	0
Prepayments received recognised in debt	-854,968	-3,372,825	0	0
	<b>5,881,921</b>	<b>-2,010,308</b>	<b>0</b>	<b>0</b>

## 10. Prepayments

Prepayments consist of prepaid expenses concerning rent and other costs as well.

## 11. Share capital

The share capital consists of 402,000 shares of a nominal value of DKK 1. No shares carry any special rights.

	Group		Parent company	
	2022/23 DKK	2021/22 DKK	2022/23 DKK	2021/22 DKK
<b>12. Provision for deferred tax</b>				
Deferred tax liabilities at 1 November	354,254	0	0	0
Amounts recognised in the income statement for the year	32,175	318,163	0	0
Amounts recognised in equity for the year	0	36,091	0	0
<b>Deferred tax liabilities at 31 October</b>	<b>386,429</b>	<b>354,254</b>	<b>0</b>	<b>0</b>

## 13. Deferred income

Deferred income consists of payments received in respect of income in subsequent years.

## Notes to the Financial Statements

	<b>Group</b>	
	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
<b>14. Cash flow statement - Adjustments</b>		
Financial income	-2,051,000	-300,325
Financial expenses	1,720,322	790,651
Depreciation, amortisation and impairment losses, including losses and gains on sales	1,391,189	852,262
Tax on profit/loss for the year	4,933,559	2,900,368
Exchange adjustments	368,147	1,888
	<b>6,362,217</b>	<b>4,244,844</b>

	<b>Group</b>	
	<b>2022/23</b>	<b>2021/22</b>
	<b>DKK</b>	<b>DKK</b>
<b>15. Cash flow statement - Change in working capital</b>		
Change in inventories	361,716	-378,930
Change in receivables	-3,394,245	-8,775,769
Change in trade payables, etc	-14,241,582	16,753,411
	<b>-17,274,111</b>	<b>7,598,712</b>

# Notes to the Financial Statements

Group		Parent company	
2022/23	2021/22	2022/23	2021/22
DKK	DKK	DKK	DKK

## 16. Contingent assets, liabilities and other financial obligations

### Rental and lease obligations

Lease obligations under operating leases. Total future lease payments:

Within 1 year	1,244,036	356,710	0	0
Between 1 and 5 years	1,715,773	332,736	0	0
	<b>2,959,809</b>	<b>689,446</b>	<b>0</b>	<b>0</b>

Obligation to designate buyer, operating leases. Expected residual value on expiry agreement	708,660	283,110	0	0
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The group has an annual rent obligation of DKK 1,742K distributed over several locations, and the longest running contract expires on 31st august 2026.

### Other contingent liabilities

The Danish group companies are jointly and severally liable for tax on the jointly taxed incomes etc of the Group. The total amount of corporation tax payable is disclosed in the Annual Report of Eltronic Group A/S, which is the management company of the joint taxation purposes. Moreover, the Danish group companies are jointly and severally liable for Danish withholding taxes by way of dividend tax, tax on royalty payments and tax on unearned income. Any subsequent adjustments of corporation taxes and withholding taxes may increase the Company's liability.

## 17. Related parties and disclosure of consolidated financial statements

	Basis
<b>Controlling interest</b>	
Eltronic Group A/S	Principal shareholder

### Transactions

The Company has chosen only to disclose transactions which have not been made on an arm's length basis in accordance with section 98(c)(7) of the Danish Financial Statements Act.

### Consolidated Financial Statements

The Company is included in the Group Annual Report of the Parent Company:

Name	Place of registered office
Eltronic Group A/S	Hedensted, Denmark

# Notes to the Financial Statements

## 18. Accounting policies

The Annual Report of Epcido Holding A/S for 2022/23 has been prepared in accordance with the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C.

The Consolidated Financial Statements and the Parent Company Financial Statements for 2022/23 are presented in DKK.

### Changes in accounting policies

The parent Company has changed its accounting policy for the measurement of equity investments from cost to the equity method. Management believes that this practice gives a fairer picture. It affected profit for the year positively by DKK 11,487,587. The previous year's equity are impacted positively by DKK 10,489,392. The Company's cashflows are not affected by the change.

Comparative figures have been restated.

During 2022/23, the Company's accounting policies were changed to be covered by the provisions of the Danish Financial Statements Act applying to medium-sized enterprises of reporting class C (previous reporting class B). The change has only resulted in additional information in the annual report.

### Recognition and measurement

Revenues are recognised in the income statement as earned. Furthermore, value adjustments of financial assets and liabilities measured at fair value or amortised cost are recognised. Moreover, all expenses incurred to achieve the earnings for the year are recognised in the income statement, including depreciation, amortisation, impairment losses and provisions as well as reversals due to changed accounting estimates of amounts that have previously been recognised in the income statement.

Assets are recognised in the balance sheet when it is probable that future economic benefits attributable to the asset will flow to the Company, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow out of the Company, and the value of the liability can be measured reliably.

Assets and liabilities are initially measured at cost. Subsequently, assets and liabilities are measured as described for each item below.

### Basis of consolidation

The Consolidated Financial Statements comprise the Parent Company, Epcido Holding A/S, and subsidiaries in which the Parent Company directly or indirectly holds more than 50% of the votes or in which the Parent Company, through share ownership or otherwise, exercises control. Enterprises in which the Group holds between 20% and 50% of the votes and exercises significant influence but not control are classified as associates.

On consolidation, items of a uniform nature are combined. Elimination is made of intercompany income and expenses, shareholdings, dividends and accounts as well as of realised and unrealised profits and losses on transactions between the consolidated enterprises.

The Parent Company's investments in the consolidated subsidiaries are set off against the Parent Company's share of the net asset value of subsidiaries stated at the time of consolidation.



# Notes to the Financial Statements

## Minority interests

Minority interests form part of the Group's total equity. Upon distribution of net profit, net profit is broken down on the share attributable to minority interests and the share attributable to the shareholders of the Parent Company. Minority interests are recognised on the basis of a remeasurement of acquired assets and liabilities to fair value at the time of acquisition of subsidiaries.

Minority interests are recognised at the carrying amounts of the acquired assets and liabilities at the time of acquisition of subsidiaries.

## Leases

All leases are considered operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the lease term.

## Translation policies

Danish kroner is used as the presentation currency. All other currencies are regarded as foreign currencies. If currency positions are considered to hedge future cash flows, value adjustments are recognized directly in equity.

Transactions in foreign currencies are translated at the exchange rates at the dates of transaction. Exchange differences arising due to differences between the transaction date rates and the rates at the dates of payment are recognised in financial income and expenses in the income statement. Where foreign exchange transactions are considered hedging of future cash flows, the value adjustments are recognised directly in equity.

Receivables, payables and other monetary items in foreign currencies that have not been settled at the balance sheet date are translated at the exchange rates at the balance sheet date. Any differences between the exchange rates at the balance sheet date and the rates at the time when the receivable or the debt arose are recognised in financial income and expenses in the income statement.

Fixed assets acquired in foreign currencies are measured at the transaction date rates.

## Income statement

### Net sales

Revenue from the sale of goods is recognised when the risks and rewards relating to the goods sold have been transferred to the purchaser, the revenue can be measured reliably and it is probable that the economic benefits relating to the sale will flow to the Group.

Contract work in progress (construction contracts) is recognised at the rate of completion, which means that revenue equals the selling price of the work completed for the year (percentage-of-completion method). This method is applied when total revenues and expenses in respect of the contract and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the contract.

Services are recognised at the rate of completion of the service to which the contract relates by using the percentage-of-completion method, which means that revenue equals the selling price of the service completed for the year. This method is applied when total revenues and expenses in respect of the service and the stage of completion at the balance sheet date can be measured reliably, and it is probable that the economic benefits, including payments, will flow to the Group. The stage of completion is determined on the basis of the ratio between the expenses incurred and the total expected expenses of the service.

Revenue is measured at the consideration received and is recognised exclusive of VAT and net of discounts relating to sales.

# Notes to the Financial Statements

## Expenses for raw materials and consumables

Expenses for raw materials and consumables comprise the raw materials and consumables consumed to achieve the consolidated revenue for the year.

## Other external expenses

Other external expenses comprise costs incurred for distribution, sales, advertising, administration, premises, loss on receivables, and operational leasing costs.

## Staff expenses

Staff costs include wages and salaries including compensated absence and pensions as well as other social security contributions etc. made to the entity's employees.

## Amortisation, depreciation and impairment losses

Amortisation, depreciation and impairment losses comprise depreciation and impairment of property, plant and equipment.

## Other operating income and expenses

Other operating income and other operating expenses comprise items of a secondary nature to the main activities of the Company, including gains and losses on the sale of intangible assets and property, plant and equipment.

## Income from investments in subsidiaries

The item "Income from investments in subsidiaries" in the income statement includes the proportionate share of the profit for the year.

## Financial income and expenses

Financial income and expenses are recognised in the income statement at the amounts relating to the financial year.

## Tax on profit/loss for the year

Tax for the year consists of current tax for the year and changes in deferred tax for the year. The tax attributable to the profit for the year is recognised in the income statement, whereas the tax attributable to equity transactions is recognised directly in equity.

The Company is jointly taxed with Danish group companies. The tax effect of the joint taxation is allocated to Danish enterprises in proportion to their taxable incomes.

## Balance sheet

### Intangible fixed assets

Patents and licences are measured at the lower of cost less accumulated amortisation and recoverable amount. Patents are amortised over the remaining patent period, and licences are amortised over the licence period; however not exceeding 3-6 year.

### Property, plant and equipment

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

Cost comprises the cost of acquisition and expenses directly related to the acquisition up until the time when the asset is ready for use.

# Notes to the Financial Statements

Depreciation based on cost reduced by any residual value is calculated on a straight-line basis over the expected useful lives of the assets, which are:

Other fixtures and fittings, tools and equipment	2-5 years
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The fixed assets' residual values are determined at nil.

Depreciation period and residual value are reassessed annually.

## Impairment of fixed assets

The carrying amounts of intangible assets and property, plant and equipment and investments are reviewed on an annual basis to determine whether there is any indication of impairment other than that expressed by amortisation and depreciation.

If so, the asset is written down to its lower recoverable amount.

## Investments in subsidiaries

Investments in subsidiaries are recognised and measured under the equity method.

The item "Investments in subsidiaries" in the balance sheet include the proportionate ownership share of the net asset value of the enterprises calculated on the basis of the fair values of identifiable net assets at the time of acquisition.

The total net revaluation of investments in subsidiaries is transferred upon distribution of profit to "Reserve for net revaluation under the equity method" under equity. The reserve is reduced by dividend distributed to the Parent Company and adjusted for other equity movements in the subsidiaries.

Subsidiaries with a negative net asset value are recognised at DKK 0. Any legal or constructive obligation of the Parent Company to cover the negative balance of the enterprise is recognised in provisions.

## Inventories

Inventories are measured at the lower of cost under the FIFO method and net realisable value.

The net realisable value of inventories is calculated at the amount expected to be generated by sale of the inventories in the process of normal operations with deduction of selling expenses and costs of completion. The net realisable value is determined allowing for marketability, obsolescence and development in expected selling price.

The cost of goods for resale equals landed cost.

The cost of finished goods and work in progress comprises the cost of raw materials, consumables and direct labour.

## Receivables

Receivables are measured in the balance sheet at the lower of amortised cost and net realisable value, which corresponds to nominal value less provisions for bad debts.

## Contract work in progress

Contract work in progress is measured at selling price of the work performed calculated on the basis of the stage of completion. The stage of completion is measured by the proportion that the contract expenses incurred to date bear to the estimated total contract expenses. Where it is probable that total contract expenses will exceed total revenues from a contract, the expected loss is recognised as an expense in the income statement.

# Notes to the Financial Statements

Where the selling price cannot be measured reliably, the selling price is measured at the lower of expenses incurred and net realisable value.

Payments received on account are set off against the selling price. The individual contracts are classified as receivables when the net selling price is positive and as liabilities when the net selling price is negative.

Expenses relating to sales work and the winning of contracts are recognised in the income statement as incurred.

## Prepayments

Prepayments comprise prepaid expenses concerning incurred costs concerning the following financial year.

## Equity

### Dividend

Dividend distribution proposed by Management for the year is disclosed as a separate Dividend item.

### Deferred tax assets and liabilities

Deferred income tax is measured using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes on the basis of the intended use of the asset and settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carry-forwards, are measured at the value at which the asset is expected to be realised, either by elimination in tax on future earnings or by set-off against deferred tax liabilities within the same legal tax entity.

Deferred tax is measured on the basis of the tax rules and tax rates that will be effective under the legislation at the balance sheet date when the deferred tax is expected to crystallise as current tax. Any changes in deferred tax due to changes to tax rates are recognised in the income statement or in equity if the deferred tax relates to items recognised in equity.

### Current tax receivables and liabilities

Current tax liabilities and receivables are recognised in the balance sheet as the expected taxable income for the year adjusted for tax on taxable incomes for prior years and tax paid on account. Extra payments and repayment under the on-account taxation scheme are recognised in the income statement in financial income and expenses.

### Financial debts

Loans are recognised initially at the proceeds received net of transaction expenses incurred. Subsequently, the loans are measured at amortised cost; the difference between the proceeds and the nominal value is recognised as an interest expense in the income statement over the loan period.

Other debts are measured at amortised cost, substantially corresponding to nominal value.

### Deferred income

Deferred income comprises payments received in respect of income in subsequent years.

## Cash Flow Statement

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

# Notes to the Financial Statements

## Cash flows from operating activities

Cash flows from operating activities are calculated as the net profit/loss for the year adjusted for changes in working capital and non-cash operating items such as depreciation, amortisation and impairment losses, and provisions. Working capital comprises current assets less short-term debt excluding items included in cash and cash equivalents.

## Cash flows from investing activities

Cash flows from investing activities comprise cash flows from acquisitions and disposals of intangible assets, property, plant and equipment as well as fixed asset investments.

## Cash flows from financing activities

Cash flows from financing activities comprise cash flows from the raising and repayment of long-term debt as well as payments to and from shareholders.

## Cash and cash equivalents

Cash and cash equivalents comprise "Cash at bank and in hand".

The cash flow statement cannot be immediately derived from the published financial records.

## Financial Highlights

### Explanation of financial ratios

Gross margin	$\text{Gross profit} \times 100 / \text{Revenue}$
Profit margin	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Revenue}$
Return on assets	$\text{Profit/loss of ordinary primary operations} \times 100 / \text{Total assets at year end}$
Solvency ratio	$\text{Equity at year end} \times 100 / \text{Total assets at year end}$
Return on equity	$\text{Net profit for the year} \times 100 / \text{Average equity}$